S. HRG. 100-497

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 2906

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1988, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

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CONTENTS

TUESDAY, MARCH 3, 1987

	Page
Chemical Munitions Disposal Construction Program:	
Supplemental appropriation request	1
Congressional witnesses	11
Department of Defense:	
Assistant Secretary of Defense for Atomic Energy	17
Under Secretary of the Army	23
General Accounting Office	71
Nondepartmental witnesses:	
Attorney General, State of Kentucky	89
Public Utilities Commission of Ohio	97
Concerned Citizens of Madison County, KY	107

WEDNESDAY, MARCH 11, 1987

Military Construction Overview:	
Assistant Secretary of Defense (Installations), Office of the Assistant Secretary of Defense (Acquisition and Logistics)	125

WEDNESDAY, MARCH 18, 1987

NATO Infrastructure, European/Pacific Construction Program and Burden Sharing:	
Deputy Assistant Secretary of Defense, European and NATO Policy	311
Deputy Assistant Secretary of Defense, East Asia and Pacific Affairs	331
NATO Infrastructure Program	353
U.S. Mission to NATO	359

WEDNESDAY, APRIL 1, 1987

Active Air Force, Air Guard, and Reserve Military Construction and Military Family Housing:	
Assistant Secretary of the Air Force, Manpower Reserve Affairs and Installations	403
Air National Guard	427
Air Force Reserve	433

MONDAY, APRIL 6, 1987

Central America Construction Program:	
Assistant Secretary of Defense (International Security Affairs)	497
U.S. Southern Command	509

WEDNESDAY, APRIL 8, 1987

Navy Construction and Family Housing:	
Principal Deputy Assistant Secretary of the Navy	601
Director of Facilities and Services, Marine Corps	632
Deputy Director of Navy Reserve	640

WEDNESDAY, MAY 6, 1987

	Page
Defense Agencies Family Housing Programs:	
Defense Intelligence Agency	725
Strategic Defense Initiative Organization	731
National Defense University	747
Defense Logistics Agency	759
Defense Medical Facilities Office	775
Deputy Assistant Secretary of Defense for Family Support, Education, and Safety	961

WEDNESDAY, MAY 20, 1987

Department of the Army Family Housing and Military Construction for Active and Reserve Forces:	
Assistant Secretary of the Army (Installations and Logistics)	973
Corps of Engineers	979
Army National Guard	1023
Army Reserve	1031

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

TUESDAY, MARCH 3, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Reid, Specter, Stevens, and Hatfield.

CHEMICAL MUNITIONS DISPOSAL CONSTRUCTION PROGRAM

SUPPLEMENTAL APPROPRIATION REQUEST

OPENING REMARKS OF SENATOR SASSER

Senator SASSER. The subcommittee will come to order. Today we are holding a special hearing to review the request of the Department of Defense for fiscal year 1987 supplemental appropriations of $250 million for the construction of facilities for the destruction of America's and the military's existing stockpile of chemical weapons. An additional $250 million for equipment procurement has been requested by the Department of Defense from the Defense Appropriation Subcommittee.

We have a long list of distinguished witnesses this morning, so I will forego making an opening statement. I will only say that there are sharp disagreements in Congress and around the country, really, on the best method of disposing of our aging chemical weapons stockpile. Personally, I have supported the Army's choice of on-site disposal, but there are others who believe strongly that regional sites or national disposal sites should be chosen. As I have studied this issue, I have begun to question the validity of the 1994 deadline which the Army has been given by the Congress for the destruction of our entire aging and old chemical weapons stockpile.

I hope that these hearings will help provide the Congress with some additional insight as to the necessity for adhering to the current schedule of destruction by 1994. Now, if the testimony reveals that our stockpile can be safely maintained, then it would be my view that consideration should be given to extending the disposal deadline, which would

permit us more time and the Army more time to determine and test the best method or methods for destruction of our old chemical weapons stockpile.

REMARKS IN CONGRESSIONAL RECORD

In lieu of a longer opening statement, I would include at this point in the record a copy of the remarks I made on this issue, which appeared in the Congressional Record on January 22.

[The information follows:]

CHEMICAL WEAPONS DISPOSAL

● Mr. SASSER. Mr. President, the Department of Defense has requested a $250 million supplemental to begin building facilities for the disposal of our aging stockpile of chemical weapons.

Because of the high priority of chemical munitions disposal, I have scheduled a special hearing of the Subcommittee on Military Construction Appropriations to review the supplemental request. The hearing will be March 3 in room 124 of the Dirksen Building.

Today, however, I want to begin to publicly discuss some of the important issues which, I believe must be debated before the Army, the Congress, and the communities involved make final decisions on the method, locations, and timing of stockpile destruction.

Mr. President, the last Congress approved legislation mandating that the stockpile of aging chemical weapons be destroyed by the fall of 1994. The selection of the 1994 date, in my view, failed to recognize the technical and political uncertainties which must first be solved before destruction activities can commence.

The Army has told my subcommittee that the Congress must provide $250 million in construction funds early this year if there is any hope the 1994 deadline is to be met. I believe the Army and the Congress should end the charade: 1994 is not a realistic date. It cannot be achieved without potentially serious technical risks, and it does not need to be achieved to assure timely and safe chemical munitions destruction.

Based on Public Law 99-145, which mandates the 1994 date, the Army established what was clearly a compressed schedule for achieving the 1994 deadline. Under that compressed schedule, the Army wrote the draft environmental impact statement in only 2 months. Clearly, that was an inadequate amount of time to do a quality job.

Today, the Army is already at least 1 year behind that compressed schedule which was hurriedly adopted. A final environmental impact statement will not be issued for at least 10 more months. It was due 2 weeks ago.

The environmental impact statement being prepared by the Army is merely a programmatic concept environmental impact statement. The Army will not even choose the sites for munition destruction activities for at least 1 year.

For my subcommittee, this process raises several issues. First, the supplemental currently pending would require the Congress to appropriate a quarter of a billion dollars without knowing specifically where or how those funds will be spent.

I have been a member of the Military Construction Subcommittee for 10 years. During that time, I have never supported appropriating large sums of taxpayers' dollars without knowing where and how those funds are to be spent.

The burden of proof is on the Army. Army officials must prove to the subcommittee why it is good public policy to provide $250 million before specific site selections are made.

With regard to the Army filing only a programmatic environmental impact statement, I would indicate that the policy of the subcommittee has been, when it comes to unique major projects, to require that site specific impact statements must be issued before the committee will permit appropriated funds to be obligated. The process of preparing and issuing site specific environmental impact statements could add yet another year to the demilitarization schedule.

The Army must make an extraordinary case that a programmatic environmental impact statement is sufficient and that site specific statements are not necessary for the Congress to approve construction of demilitarization facilities.

Mr. President, I am most troubled by the fact that the Department of Defense appears to be rushing into decisions regarding chemical munitions destruction before the technology has been fully proven.

Three years ago, the subcommittee approved $46 million to build munition disposal facilities on Johnston Island in the Pacific. When those funds were approved, it was my view that the best approach would be for the Army to build those facilities and operate them for a year or two before designing and constructing disposal facilities in the continental United States.

The Army apparently believes that the incineration technology to be used on Johnston Island will be the best method of destruction. But the Army has no real experience with large size incineration facilities or procedures. The Johnston Island facilities are still under construction.

There can be little doubt but that once the Johnston Island facilities are operated, the Army will find that there will have to be numerous design changes made before facilities can be built and operated inside the United

States. To proceed with design and construction of disposal facilities in the United States before Johnston Island is complete and operated for an appropriate period of time will likely lead to massive cost overruns, and quite possibly, the construction and operation of technically inferior facilities.

The need to establish public confidence in disposal methods indicates that we must be sure to select sites and procedures only after getting some real experience under the belt. The only way to get that experience is to operate Johnston Island before proceeding with construction of U.S. facilities.

I am advised that proceeding in such a deliberative manner would delay the accomplishment of munitions disposal 4 years, until 1998. One primary focus of the hearings I have scheduled will be to determine, not only if the existing 1994 deadline is realistic, but also if that deadline is necessary. It is important to know if the deadline can be slipped without leading to unacceptable risks.

The purpose of the demilitarization program is to destroy the aging stockpile. Some of that stockpile is 40 years old.

However, when the Army recently ran propellant tests, it was discovered that the stockpile is degrading much more slowly than was originally thought. If those tests can be verified, proceeding with a program of disposal by 1994 would be unnecessary.

The Army has had many years experience with safe storage of the stockpile. Certainly, simple storage is not the long-term solution. The stockpile must be destroyed. But safe storage can reliably be accomplished for a few additional years before the stockpile is eliminated.

Mr. President, as I indicated the most important element of a successful chemical munition disposal program is to build public confidence and public consensus in the program. We are a long way from building the level of public confidence needed for a successful program.

The Army has stated that its preferred alternative is onsite destruction. I have supported that direction for the program, but some of the communities involved and their representatives in the Congress do not. I am convinced that the only way to achieve public consensus is to follow a more deliberate path toward destruction, not an accelerated, compressed schedule which is fraught with so many uncertainties.

Unfortunately, Mr. President, the Army's draft environmental impact statement failed to adequately make the case for a preferred option. I do believe, however, the case for onsite destruction can be made and will be made to the satisfaction of even the impacted communities if enough time is given for a more deliberate development of a disposal program.

I would also add, Mr. President, that the draft environmental impact statement failed to adequately study the large risks associated with the transportation of chemical munitions to regional or national disposal sites.

For my constituents in Tennessee, these issues are especially important. If the regional or national site option were to be chosen, hundreds of tons of chemical weapons would be transported through west Tennessee, including large towns such as Jackson.

The draft environmental impact statement failed to assess the risks associated with the rail transportation option. Terrorism and sabotage and en route emergency response procedures and techniques were not adequately studied. The necessity to upgrade rail beds was not even considered.

Mr. President, last year, I viewed an Army film made during tests on chemical weapons transportation containers which would be used on rail cars during the transportation of the munitions to offsite disposal facilities. I intend to ask the Army to show that film in open session during the March hearing. It will show that one well-placed rifle round could result in a chemical explosion and tragedy like this Nation has never seen.

So, Mr. President, there are too many unanswered questions. Only the Army can provide us with a well-thought out approach to the disposal problem. I have every confidence that the Army can develop an acceptable disposal plan and implement that plan if the arbitrary 1994 deadline is removed.

I believe that the hearings will provide evidence that prudent planning demands that we build and operate Johnston Island before we build facilities inside the United States.

The hearings should also demonstrate that destruction by the end of the 1990's rather than 1994 can be achieved with less risk than the current compressed program.

Mr. President, I will continue to keep the Senate advised of the findings of my subcommittee once the hearing process is completed.●

BUDGET JUSTIFICATION

Senator SASSER. I will also insert in the record a copy of the budget justification provided by the Department of Defense in support of the supplemental request for construction.

[The information follows:]

Department of Defense
Military Construction, Army

FY 1987 Program Supplemental

(In Thousands of Dollars)

Budget Activity 1 - Major Construction **$240,000**

These funds are required to execute Section 1412 of the FY 1986 Defense Authorization Act, which directs the Department of Defense to destroy the complete unitary chemical stockpile by September 1994 in conjunction with production of binary weapons.

The chemical agents and munitions in the stockpile were produced during or prior to 1960 and have experienced serious continued deterioration, which poses a potentially severe health hazard. The funding will provide for construction/renovation of processing facilities for the disassembly and destruction of these lethal chemical agents and munitions. The processing facilities' designs are being developed based on operational experiences with the Chemical Agent Munition Disposal System (CAMDS) at Tooele Army Depot and the Johnston Atoll Chemical Agent Disposal System (JACADS) design.

The programmatic Environmental Impact Statement will not be completed until late calendar year 1987. Therefore, the decisions on the disposal alternative and the number and locations of processing facilities cannot be made until then. This request is based on the "on-site" alternative and provides sufficient funds for processing facilities for any of the disposal alternatives (national, regional, and on-site) selected.

Under the on-site alternative, destruction facilities will be constructed at eight locations within the continental United States: Aberdeen Proving Ground, Maryland; Anniston Army Depot, Alabama; Lexington-Blue Grass Army Depot, Kentucky; Newport Army Ammunition Plant, Indiana; Pine Bluff Arsenal, Arkansas; Pueblo Army Depot Activity, Colorado; Tooele Army Depot, Utah (two facilities at Tooele Army Depot); and Umatilla Army Depot Activity, Oregon. A Central Training Facility also will be constructed at either Tooele Army Depot or Aberdeen Proving Ground to provide intensive, centralized training for all key operating personel.

In order to meet the congressional deadline, construction funds must be available in FY 1987. This $250 million requirement complements the requirement for $250 million in the Chemical Agents and Munitions Destruction, Defense account.

Budget Activity 3 - Planning **$10,000**

Funds are requested for final design and site adaptation for chemical demilitarization processing facilities at the above mentioned sites. Funding will provide for design of primary processing facilities for disassembly of munitions and thermal destruction of the chemical agents and explosives. In addition to the basic processing facilities, the effort includes design of support facilities for administration, maintenance, laboratory services, personnel support, security, process system support and emergency power and fuel systems.

Total Supplemental request **$250,000**

DD form 1391's are attached.

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		21 JAN 87

3. INSTALLATION AND LOCATION	4. PROJECT TITLE
Various, U S Various	Demilitarization Facilities

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)
			Auth 240,000
72896A	216	24008	Approp 240,000

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Primary Facility				154,215
Demil Facilities (8 sites)	SF	666,710	226.09	(150,736)
Central Training Facility	SF	80,380	43.28	(3,479)
Supporting Facilities				62,602
Electric Service	LS	-	-	(11,024)
Water, Sewer & Gas	LS	-	-	(23,834)
Steam, Chilled Water & Heat Distribution	LS	-	-	(4,437)
Paving, Walks, Curbs & Gutters	LS	-	-	(1,615)
Site Improvement	LS	-	-	(7,169)
Communication	LS	-	-	(2,193)
Other	LS	-	-	(12,332)
Subtotal				216,817
Contingency (5.00%)				10,841
Total Contract Cost				227,658
Supervision, Inspection & Overhead (5.50%)				12,521
Total Request				240,179
Total Request (Rounded)				240,000
Installed Equipment - Other Appropriations				(250,000)

10. Description of Proposed Construction: Construct Chemical Munitions Disposal Facilities for processing lethal chemical munitions presently stored at eight locations within the continental United States. The primary facilities are to provide capabilities for disassembly of munitions and thermal destruction of chemical agents and explosives. Plants will provide for vapor and explosives effects containment. Plants will include air filtration, explosion proof electrical fixtures, cascading heating/ventilation/air conditioning systems, blast doors, fire protection, special personnel protective measures, chemical resistant coatings, intrusion detection systems and communications. Support buildings are included for administrative functions, personnel support, maintenance, laboratory services, security, process system support, emergency power generation and emergency fuel backup. Construct two-story processing plants at Anniston Army Depot, Alabama; Lexington Blue Grass Army Depot, Kentucky; Pueblo Depot Activity, Colorado; Tooele Army Depot, Utah; and Umatilla Depot Activity, Oregon for processing chemical agents and explosives. Construct single-story plants at Aberdeen Proving Ground, Maryland; and Newport Army Ammunition Plant, Indiana for processing chemical agents only. Renovate the Pine Bluff Arsenal, Arkansas plant to provide capability for processing lethal chemical munitions. Construct a Central Training Facility at Tooele Army

1. DIVISION	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		21 JAN 87

3. INSTALLATION AND LOCATION

Various, U S Various

4. PROJECT TITLE	5. PROJECT NUMBER
Demilitarization Facilities	24008

Depot or Aberdeen Proving Ground to provide intensive, centralized training for key processing plant personnel.

11. REQUIREMENT: 747,090 SF ADEQUATE: None SUBSTANDARD: None

PROJECT: Construction of lethal chemical agent munition demilitarization complexes to dispose of chemical munitions stored at eight locations in the United States.

REQUIREMENT: This project is required for the safe and environmentally acceptable disposal of chemical munitions. Public Law 99-145 mandates destruction of the chemical agent stockpiles by September 30, 1994. The chemical agents and munitions have experienced deterioration and continued deterioration poses a potentially severe health hazard.

CURRENT SITUATION: The chemical munitions were produced during or prior to the 1960's. Continued storage poses a potential health hazard and maintenance costs are accelerating.

IMPACT IF NOT PROVIDED: If this project is not provided, there will be a failure to comply with Public Law 99-145, health hazards resulting from storage of munitions will be prolonged, and maintenance costs for storage will continue to accrue.

ADDITIONAL: This project provides for onsite destruction of the chemical munitions at their current storage locations. Alternatives of regional destruction centers or a national destruction center are being considered; these alternatives would require reduced facility capital cost expenditures. There are no other alternatives for demilitarizating the chemical munitions at these installations. The size of the facility at each installation was determined from a specially developed computer modeling program in conjunction with experiences at the Chemical Agent Munitions Disposal System (CAMDS) at Tooele Army Depot and the Johnston Atoll Chemical Agent Disposal System (JACADS) design. The program performed a trade off analysis on the variables of capital costs and operational costs to arrive at a minimum overall cost. Personnel requirements, schedule, and munition workload were considered in the analysis.

12. SUPPLEMENTAL DATA:

A. Estimated Design Data:

(1) Status:

(a) Date Design Started ....._____

(b) Percent Complete As Of January 1986 ....._____

(c) Percent Complete As Of October 1986 ....._____

(d) Date Design Complete ....._____

(2) Basis:

(a) Standard or Definitive Design - Yes ___ No X

(b) Where Design Was Most Recently Used _____

(3) Total Cost (c) = (a)+(b) or (d)+(e): ($000)

1. AGENCY	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		21 JAN 87

3. INSTALLATION AND LOCATION

Various, U S Various

4. PROJECT TITLE	5. PROJECT NUMBER
Demilitarization Facilities	24008

12. SUPPLEMENTAL DATA: (Continued)

A. Estimated Design Data: (Continued)

(3) Total Cost: (Continued) ($000)

(a) Production of Plans and Specifications ..... _____

(b) All Other Design Costs ..... _____

(c) Total Cost ..... _____

(d) Contract ..... _____

(e) In-house ..... _____

(4) Construction Start ..... _____
month & year

B. Equipment associated with this project which will be provided from other appropriations:

Equipment Nomenclature	Procuring Appropriation	Fiscal Year Appropriated Or Requested	Cost ($000)
Various Disposal Equipment	Chemical Agents and Munitions Destruction, Defense	FY 1987	250,000

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		21 JAN 87

3. INSTALLATION AND LOCATION	4. PROJECT TITLE
Planning and Design, U S Various	Planning And Design

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)
91211A	000	24018	Auth 10,000 Approp 10,000

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Primary Facility				10,000
Planned use of funds follow:				( )
				( )
Advance and final design,				( )
site adaptation - Chemical				( )
Demilitarization Facilities	LS	-	-	(10,000)
Supporting Facilities				0
Subtotal				10,000
Contingency (.00%)				
Total Contract Cost				10,000
Supervision, Inspection & Overhead (.00%)				
Total Request				10,000
Total Request (Rounded)				10,000
Installed Equipment - Other Appropriations				(0)

10. Description of Proposed Construction: This item provides for advanced and final design of construction, and the design site adaptation for chemical demilitarization facilities at eight CONUS sites.

11. REQUIREMENT: None ADEQUATE: None SUBSTANDARD: None

PROJECT: Planning and Design - Chemical Demilitarization Facilities

REQUIREMENT: Funds are requested for final design and design site adaptation for chemical demilitarization processing facilities at the following eight sites within the continental United States: Aberdeen Proving Ground, Maryland; Anniston Army Depot, Alabama; Lexington-Blue Grass Army Depot, Kentucky; Newport Army Ammunition Plant, Indiana; Pine Bluff Arsenal, Arkansas; Pueblo Army Depot Activity, Colorado; Tooele Army Depot, Utah; and Umatilla Army Depot Activity, Oregon. A Central Training Facility will also be designed for Tooele Army Depot or Aberdeen Proving Ground to provide intensive, centralized training for all key operating personnel. Funding will provide for design of primary processing facilities for disassembly of munitions and thermal destruction of the chemical agents and explosives. In addition to the processing facilities, the effort includes design of support facilities for administration, maintenance, laboratory services, personnel support, security, process system support and emergency power and fuel system.

CONGRESSIONAL WITNESSES

U.S. SENATOR FROM KENTUCKY

STATEMENT OF HON. WENDELL FORD, U.S. SENATOR FROM KENTUCKY

INTRODUCTION OF WITNESSES

Senator SASSER. Our first witness this morning is my very distinguished colleague from Kentucky, the senior Senator, Mr. Wendell Ford. And I might say, Senator Ford's constituents in Lexington are, as I understand it, opposed to the on-site destruction option. So I will let Senator Ford speak for them.

Senator Ford, I want to welcome you before this subcommittee. We always listen very carefully to your observations on any subject, and we will certainly listen very carefully to your views on this. Thank you.

Senator FORD. I thank you, Mr. Chairman. I too listened very carefully to what you had to say in your opening remarks, and it appears that you found my statement.

Senator SASSER. We did.

Senator FORD. Mr. Chairman, I appreciate you holding the hearings today so that we can thoroughly examine the chemical munitions demilitarization issue. And I thank you for permitting me to testify before the Appropriations Subcommittee on Military Construction.

MADISON COUNTY CONCERN OVER ON-SITE INCINERATION

Mr. Chairman, I will be brief. The decision to dispose of our current stockpile of chemical munitions has caused the community of Madison County and surrounding area great concern. The possibility that the nerve gas stored at the Richmont Depot might be incinerated on-site is bad enough by itself.

But coupled with the community's mistrust of the Army—the Army has been less than forthcoming in offering explanations and accepting responsibility for several unfortunate events over the past years. There has been a difficult and emotional burden to bear.

This morning you will hear from representatives of the Concerned Citizens of Madison County and from David Armstrong, the attorney general of the Commonwealth of Kentucky. The Concerned Citizens is a vocal and, I might underscore, Mr. Chairman, knowledgeable group that has closely followed this issue since its inception. And as Kentucky's chief legal officer, Mr. Armstrong has been deeply involved with the application of Federal and State environmental laws to any decision made on disposal.

They speak with authority on this issue, and I know their experience will be of interest to the subcommittee.

MORE STUDY NEEDED ON DESTRUCTION OF STOCKPILE

My message today is a simple one. It would be technologically premature to make a decision now on the method and on the timing of destruction of the stockpile. The 1994 deadline is an artificial one and there is no reason to provide any construction funds at this time.

The demilitarization endeavor promises to be enormously expensive, and the technology the Army currently proposes to use has not yet been proven on a large scale. I think the recent leak at Tooele clearly indicates that it is not perfect and it has not been perfected, even on a demonstration scale.

CONTINUATION OF JOHNSTON ISLAND FACILITY

I would submit that the Johnston Island facility should be built and run for several years before this incineration technique is deemed safe to use in heavily populated areas. Then and only then should sites be selected.

In the meantime, new technologies that are more state of the art can be pursued. I think we owe it to the American people, and in particular to Madison County, because it is one of the most densely populated areas being considered. The gentlelady who will follow me, she is probably equal—we are equal in having sites that have the most population concerned.

And to make certain that, whether the stockpile is burned on site or transported to a central location or locations, we will be using the best technology that is available. There is no need to be wed to the current incineration technology, but time is needed to investigate others.

CHANGE OF LEGISLATION REQUIRING 1994 DEADLINE

Mr. Chairman, I would like to work with you and my colleague in the House, Congressman Larry Hopkins, in developing legislation to change this 1994 deadline and take the heat off the Defense Department to choose a disposal plan now.

The stockpile is not deteriorating as rapidly as was initially thought, and I think you will hear about the study that has been made that explains—relieves our fears. And we have time to proceed in a cautious and rational manner. Let us not rush into anything now that we might regret later on.

Mr. Chairman, I understand that it may not be under the jurisdiction of this committee, but I would urge you to give some consideration to further hearings on the question, just what other technologies are now available and which ones on the drawing board are most promising. It will give you an opportunity to consider what amount of funding would be necessary, when it would be necessary, and if any funds in the near future need to be expended.

So I think under those circumstances, this committee would have an opportunity to make a decision that would be in the best interests of the taxpayers of this country. If we are to expend the enormous

amounts of money that this project demands, let us pray that we spend it on the most risk-free and up-to-date system possible.

I thank the chairman. If you have any questions, I would be delighted to try to answer them.

SUPPORT FOR JOHNSTON ISLAND FACILITY

Senator SASSER. Senator Ford, I thank you very much for your testimony here this morning. As I understand what you are telling us, Senator, you are saying that, in your view, it would be better to complete the Johnston Island facility and operate it for an appropriate period of time and gain experience on precisely how to dispose of these chemical weapons before we commit $500 million to go forward with destruction of the chemical weapons here in this country.

Senator FORD. The chairman is absolutely right. He will hear later on of the several thousand, somewhere between 15,000 and 18,000, students who are in very close proximity to the location in Madison County, where there is the consideration for incineration.

And I do not think I could, and I do not believe you will, allow the incineration or the use of a procedure that was not considered as risk-free as possible and that all new technologies had been pursued.

Senator SASSER. So really, Senator, I gather what you are counseling and advising us to do today is look to a more deliberate schedule for the destruction of these chemical weapons. That is, complete Johnston Island, operate it, look into the possibility of developing additional disposal technologies which might offer more safety and may be more cost advantageous to us.

Do all of this before we proceed with the destruction?

Senator FORD. The chairman is absolutely right, and I think you will find a thread running in the testimony here this morning that will, I think, support that view.

DESTRUCTION OF UNITARY STOCKPILE LINKED TO NEW BINARY WEAPONS

Senator SASSER. Senator, let me ask you one other question. Your testimony and views have been very helpful to us this morning. Some of our colleagues have taken the view that the disposal of the older chemical weapons stockpile should be linked to the production of the new binary weapons.

The present unitary stockpile we have today is, I think, generally conceded to have outlived its military usefulness, and it ought to be destroyed as soon as we can practicably and safely do so.

What are your views as to whether or not these two ought to be linked, the production of new binary weapons and the destruction of the old ones?

Senator FORD. Mr. Chairman, in my personal opinion they should not be linked. We have a problem, we have a very serious problem, one that I think we can accommodate at some point.

But when will the other be passed? How do you link it? How does that eliminate the problem we presently have? How would it serve the

new technology that we are seeking? I do not believe it should be linked. I do not have any reason to support the linkage at this time.

Senator SASSER. Well, Senator, I thank you very much for appearing here this morning. Your logic is irresistible, as usual, and the committee will certainly take under consideration your testimony.

Senator FORD. I say to my dear friend, if I was the word merchant that you were I would try to paint a good picture on a bad thing, but I do not know how to do it this morning. So I will leave it as it is.

Senator SASSER. Thank you, Senator.

Our next witness this morning is Congresswoman Helen Bentley of Maryland, who has requested to appear and testify. Congresswoman Bentley, we welcome you before the subcommittee, and we look forward to hearing your testimony.

U.S. REPRESENATIVE FROM MARYLAND

STATEMENT OF HON. HELEN BENTLEY, U.S. REPRESENTATIVE FROM MARYLAND

EDGEWOOD ARSENAL SITE

Ms. BENTLEY. Thank you, Mr. Chairman and members of the Senate Appropriations Committee. Thank you for the opportunity to testify on the chemical stockpile disposal issue now under your consideration.

The issue is of direct importance to my constituents, as Edgewood Arsenal, one of the eight sites on which this is located, is in my district. Admittedly, Edgewood does not have the largest share of the unitary chemical stockpile, only 6 percent.

Nevertheless, the disposal of chemicals at Edgewood presents unique problems because: One, of the eight locations where on-site incineration could take place that has been considered, we believe Edgewood has the densest population, although the distinguished gentleman who preceded me said his Kentucky area probably is equally dense. So whether that—that is not important. It is the fact that it is dense.

PROBLEMS WITH EDGEWOOD SITE

However, because of the geographic layout at Edgewood, we have some other problems that are very unique. One is that the Edgewood area itself is a peninsula, with a population of 30,000, and has only three exit roads.

The other is that one immediate suburb of Edgewood Arsenal, Wiloughby Beach, a community of 5,000, is on a peninsula with only one exit road to major arteries, and within a radius of 3 miles there are three schools, from the proposed burn site, and seven within a 6-mile radius.

So needless to say, my constituents and I are greatly concerned that the safest method be chosen and implemented for the disposal of the mustard gas. We are heartened by the fact that in 1974 and 1975, 6 million pounds of mustard gas were destroyed without incident at Rocky

Mountain Arsenal. Still, with the advancement in technologies, it is incumbent upon us as Members of Congress to look at all alternatives to ensure safety.

In 1985 we set a deadline of September 30, 1994, by which unitary chemicals must be destroyed. Nine years then seemed sufficient, but it is not. As you said and Senator Ford said, we need more time.

EXTENSION OF 1994 DEADLINE

The 1994 deadline provides little lead time for the Army to construct and to test their demonstration incinerator at Johnston Atoll. As a matter of fact, as has been said here, construction of incinerators, be they regional or on-site, would have to begin before the test facility is complete on Johnston Atoll.

And I echo what Senator Ford said and what you have indicated here, sir, that we need the time for that testing before the construction on the other incinerators begins. Therefore, I join in urging this committee to consider a 3-year extension for the disposal of the stockpile. The extension of time will allow the Army adequate time to provide that testing on Johnston Atoll and make whatever adjustments are necessary to provide changes, if any, in the design and construction of the other seven incinerators to be built to provide the safest possible method of disposal.

And since Edgewood is on water, we have requested consideration of transporting the Edgewood pile to Johnston Atoll by vessel. That determination should be made this year.

Let's not kid ourselves. This is a very tough issue. No one wants those chemicals burned nearby nor to travel through their backyard.

Last year at a House Armed Services Committee field hearing in Kentucky, representatives of several Governors testified that they would do all in their power to stop transportation through their States. Also last year, 17 Members of the House signed a letter to Secretary Marsh that echoed these sentiments: "Disposal is the issue, but let us make sure that safety is not sacrificed for speed."

Thank you, and I will be happy to answer any questions.

Senator SASSER. Thank you very much, Congresswoman Bentley. We appreciate your views here, and I think you have made it quite clear to the committee this morning that you favor an extension of the time that has been granted to dispose of these chemical munitions and feel that the deadline ought to be slipped at least an additional 3 years, until we have done additional study on the technology necessary to safely destroy these weapons.

Is that an accurate statement?

Ms. BENTLEY. That is very accurate, sir.

Senator SASSER. Thank you very much. We appreciate your appearing here this morning.

DEPARTMENT OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE FOR ATOMIC ENERGY

STATEMENT OF DR. ROBERT B. BARKER, ASSISTANT TO THE SECRETARY OF DEFENSE FOR ATOMIC ENERGY

DEPARTMENT FORMAT FOR DESTRUCTION OF UNITARY WEAPONS

Senator SASSER. Next we call the witnesses from the Office of the Secretary of Defense and the Secretary of the Army. Presenting the testimony from OSD is Dr. Robert B. Barker. Dr. Barker, we welcome you before the committee. Dr. Barker will be joined at the hearing table by the Under Secretary of the Army, the Honorable James R. Ambrose. It is good to see you again this morning, Mr. Ambrose, and we are pleased to have you with us. Secretary Ambrose is accompanied by Brig. Gen. David Nydam.

Dr. Barker, if you would be first, we will be pleased to hear from you.

Dr. BARKER. Thank you, Senator Sasser. I would like to submit my statement for the record and summarize it in somewhat briefer form.

Senator SASSER. It will be printed in the record in full.

Dr. BARKER. I do appreciate the opportunity to appear before the committee this morning to present the Department's program for destruction of chemical weapons and to discuss some of the important issues that must be resolved if we are to successfully complete destruction of our unitary chemical weapons stockpile currently required by the fiscal year 1986 authorization act.

INTRODUCTION OF ASSOCIATES

As you have indicated, I have with me representatives of the Army, which is the Department of Defense's executive agent for demilitarization of these unitary rounds. They are the Honorable James R. Ambrose, Under Secretary of the Army, and Brig. Gen. David A. Nydam, program manager for chemical munitions.

ADVANTAGES TO BINARY WEAPON STORAGE

It is a pleasure to discuss a topic on which I think the Department of Defense and the Congress so clearly share a common goal. We share and support congressional interest in safely and expeditiously destroying this large stockpile of lethal toxic chemicals that currently exist in the United States.

The vast majority of this stockpile has no military utility and continued long-term storage simply prolongs the cost of its maintenance, which is currently about $65 million a year. It also prolongs the risk, albeit small, of an incident as long as we continue to store these unitary rounds.

In directing that the unitary stockpile be destroyed, the Congress has brought closer the day when we will no longer need to store or transport toxic munitions anywhere in the world. Ultimately, upon successful completion of the Unitary Weapons Destruction Program and binary chemical munitions production, we will have only 20 percent as many chemical munitions in our stockpile in terms of agent tonnage as we have today, and they will be safe and nonlethal in their binary form.

The Department of Defense is proceeding along a schedule which will allow us to meet the congressionally mandated 1994 completion date. The plan laying out our strategy was submitted to the Congress in March 1986. At that time, we noted that the schedule was ambitious and that any number of issues, most notably the environmental approval process, could cause delays.

We also noted that there were alternative schedules which could be followed to take advantage of more conservative engineering approaches to the problem. You asked us to submit such alternative plans, and those plans will be submitted to the Congress this month.

In the meantime, we have proceeded to implement the plan which will allow us to meet the 1994 schedule mandated by Congress. As required by that plan, we published a draft programmatic environmental impact statement on July 1, 1986.

We have also initiated the process for obtaining permits for each of the disposal sites under the Resource Conservation Recovery Act and the Clean Air Act. Public hearings have been held at each of the eight storage sites involved in this effort.

The program was well received at the majority of the potential destruction sites. A significant number of comments were received during the public comment period, and, as a result of these comments, we are doing additional work in the areas of risk analysis and emergency preparedness.

OPPOSITION AT KENTUCKY AND MARYLAND SITES

Substantial public concern was evident at the two sites we discussed this morning—Aberdeen, MD; and Lexington Bluegrass, KY. This led us to initiate major analytical efforts on two additional transportation alternatives. One was mentioned by Congresswoman Bentley, namely the transport by water from Aberdeen; and an additional study reviewing other transportation alternatives from Lexington Bluegrass.

As a result of these and other actions related to public comments, the record of decision, previously planned for January 1987 on the programmatic environmental impact statement, has been delayed and is now not expected until the end of the year. All other actions remain on schedule.

SUPPLEMENTAL FUNDING REQUESTED

We are seeking the resources to support the 1994 program, and we have submitted supplemental fiscal year 1987 requests for $500 million.

The supplemental request includes those funds necessary to maintain the 1994 schedule for on-site destruction at eight separate disposal sites. That is the most demanding of the three options which the Army considered in terms of resources required in the first 2 years of the program.

In short, the supplemental request makes it possible for us to execute any of the three options under consideration. Given the delay in the record of decision, we recognize that all of these funds cannot be obligated in fiscal year 1987.

Nevertheless, we chose to use the supplemental process as a vehicle for this request to avoid encumbering the Army's military construction program with a substantial resource requirement for what is, in the final analysis, a national problem.

The supplemental funds requested will support simultaneous construction of on-site facilities at the eight storage sites. They also support initial procurement of time-critical items, such as furnaces and other unique equipment.

Approval of the supplemental request will ensure that resources are not the limiting factor in meeting the current very challenging schedule or any reasonable schedule.

For fiscal years 1988 and 1989, we have submitted requests for $87 million and $212 million, respectively. These procurement, RDT&E, and operation and maintenance funds provide for routine procurement of baseline equipment, for program management, for continued investigation of alternative technologies, and for initial operations at Johnston Atoll.

I want to assure you, Senator Sasser, that in all areas we are proceeding expeditiously to meet the 1994 deadline. The request for the fiscal year 1987 supplemental funds is to ensure that availability of funds is not the obstacle in our path to the timely and safe destruction of these toxic chemicals.

I appreciate this opportunity to appear before you this morning. I will be happy to answer any questions. I would like to turn it over to Under Secretary Ambrose for additional comments.

[The statement follows:]

PREPARED STATEMENT OF ROBERT B. BARKER

ASSISTANT SECRETARY OF DEFENSE FOR ATOMIC ENERGY

Mr. Chairman and Members of the committee:

I appreciate the opportunity to appear before the committee today to present the Department of Defense program for destruction of chemical weapons and discuss some of the important issues that must be resolved if we are to successfully complete destruction of our unitary chemical weapons stockpile as required by the FY 1986 Authorization Act. I have with me today representatives of the Army which is OSD'S executive agent for demilitarization. They are the Honorable James R. Ambrose, Under Secretary of the Army and Brigadier General David Nydam, Program Manager for Chemical Munitions.

I am especially pleased to discuss a topic on which the Department of Defense and the Congress share a common goal. We share and support your interest in safely and expeditiously destroying this large stockpile of lethal toxic chemicals. Most of it has no military utility, and continued long term storage simply prolongs the risk, albeit small, of an incident.

In directing that the unitary stockpile be destroyed, the Congress has brought closer the day when we will no longer need to store or to transport toxic munitions anywhere in the world. Ultimately, upon successful completion of the destruction program and binary chemical weapons production, we will have only twenty percent as many chemical munitions in our stockpile as we have today, and they will be safe and non-lethal in their binary form.

The Department of Defense is proceeding along a schedule which will allow us to meet the congressionally-mandated 1994 completion date. The plan laying out our strategy was submitted to the Congress in March 1986. At that time, we noted that the schedule was ambitious and that any number of issues--most notably the environmental approval process--could cause delays. We also noted that there were alternative schedules which could be followed to take advantage of more conservative engineering approaches to the problem. You asked us to submit such alternative plans and we are doing so this month.

In the meantime, we have implemented our plan for destruction of the stockpile by 1994. As required by that plan, we published a draft programmatic environmental impact statement on July 1, 1986. We have also initiated the process for obtaining permits for each of the disposal sites under the Resource Conservation Recovery Act (RCRA) and the Clean Air act (CAA).

Public hearings have been held at each of the eight storage sites involved in this effort. The program was well received at the majority of the potential destruction sites. A significant number of comments were received during the public comment period, and as a result of those comments we are doing additional work in the areas of risk analysis and emergency preparedness. Substantial public concern was evident at two sites--Lexington Bluegrass, Kentucky, and Aberdeen, Maryland. This has led us to initiate major analytical efforts on two additional transportation alternatives. As a result of these and other actions related to the public comments, the record of decision previously planned for January 1987, on the programmatic environmental impact statement has been delayed and is now expected by the end of this year. All other actions remain on schedule.

We are seeking the resources to support the 1994 program. We have submitted an FY 1987 supplement for 500 million dollars.

The supplemental request includes those funds necessary to maintain the 1994 schedule for on-site destruction at eight separate disposal sites. That is the most demanding of the three options in terms of the resources required in the first two years of the program. In short, the supplemental request makes it possible for

us to execute any of the three options under consideration. Given the delay in the record of decision, we recognize that these funds cannot be obligated in FY 1987 as requested. Nevertheless, we have chosen to use the supplemental process as a vehicle for this request to avoid encumbering the Army's military construction program with a substantial resource requirement for what is, in the final analysis, a national problem.

The supplemental funds requested will support simultaneous construction of on-site facilities at the eight storage sites. They also support initial procurement of time-critical items such as furnaces and other unique equipment. Approval of the supplementary request will ensure that resources are not the limiting factor in meeting that very challenging schedule.

For FY88 and FY89 we have submitted requests for $87M and $212M respectively. These procurement, RDT&E, and operation and maintenance funds provide for routine procurement of baseline equipment, for program management, for continued investigation of alternative technologies and for initial operations at Johnston Atoll.

I assure you, that in all areas, we are proceeding expeditiously to meet the 1994 deadline. The request for the FY 1987 supplemental funding is to ensure that availability of funds is not one of the obstacles in our path.

I appreciate this opportunity of appearing before this committee and shall be happy to answer any questions you may have.

DEPARTMENT OF THE ARMY

UNDER SECRETARY OF THE ARMY

STATEMENT OF HON. JAMES R. AMBROSE, UNDER SECRETARY OF THE ARMY

ACCOMPANIED BY BRIG. GEN. DAVID NYDAM, PROGRAM MANAGER FOR CHEMICAL MUNITIONS, ABERDEEN PROVING GROUND, MD

SAFETY A FIRST PRIORITY DURING DESTRUCTION OF UNITARY WEAPONS

Senator SASSER. Before getting to Under Secretary Ambrose's comments, we have been joined by Senator Reid this morning. Senator, would you care to make an opening statement this morning?

Senator REID. I would, Mr. Chairman, but I will wait, if it is OK with you, until the General makes his statement.

Senator SASSER. Mr. Secretary.

Mr. AMBROSE. Good morning. I appreciate both personally and on behalf of the Army and the Defense Department this opportunity. The statement I have submitted for the record I think will stand for itself, and I will not, unless you wish, repeat that.

This is a sensitive and emotional subject. The one common thing we are all agreed upon is that we have to get rid of these obsolete munitions. The debate and the public hearings, the other means of shedding light on the subject, are all important, I think, to collectively provide the public, yourselves, and us with the understanding and competence that it takes to proceed here on the correct path.

We are not going to do anything unsafe, no matter what the ultimate decisions are. We simply will not accept or tolerate such a procedure.

I might comment on two or three points before turning it back to you to lead the discussion in whatever ways you wish. When I first came to the Pentagon in late 1981, I found shortly that we had not only this problem, but we had a big credibility problem, which Senator Ford in particular referred to.

NAS REPORT

It seemed to me that we needed to take rather prompt and direct and vigorous action to overcome the past, which we could not revisit. One of the early steps that I took in an attempt to regain public confidence and restore credibility in the Army's actions was to ask the National Academy of Sciences to establish an independent committee of noted persons in this field.

They did so. They issued a report after 1 year or so's work. It is a very interesting and informative report, and I recommend it to the attention of all who are concerned in this field.

At that same time—I will refer to one other aspect of that report in a moment—there was a unanimous agreement on the part of these scientists, not part of the Army or Defense Department organization, that the technology or the technique for the destruction of these munitions was incineration. I will come back to that point in a moment.

We had at about that same time the need to move a number of wet eye bombs, as they were called, from the Denver area, to Utah. They were successfully moved by transportation by air. It was a very elaborate undertaking for the size of the munitions, very costly per munition transported, but it was done successfully.

We have transported large quantities of these munitions in other times and ways, perhaps with less regard than we now are giving to the facts and means of transportation. We have done that all safely.

We have incinerated quantities of these materials on site, and we have done that safely. So it is not a black or white matter, that one is unsafe and the other is not. And in the end, I think you will find—I think the public has already perceived—that it is going to be a close call either way.

But we intend to make that call in the complete sight of the public and the Congress, and with all the explanations we can bring to bear as to what we took into account and how we came to the conclusion when we come to it late this year.

We have taken other steps in an attempt to maintain and increase our credibility, and I will not attempt to catalog them all here. There have been numerous public hearings. There have been publications.

ARMY CONTRACT WITH LEXINGTON, KY, AREA

We went so far as last year some time in the public hearing at Lexington, KY, as to offer that we would contract or provide contractual support for local groups in those areas where there was some concern that they in some way did not understand what we were saying or in some way felt the need for expertise outside of the Army.

We have already entered into one such contract in the area of Lexington-Bluegrass Depot. We expect to enter into others. We are open to any and all suggestions as to how to shed complete light and allow public understanding of this very troublesome activity.

The unanimous decision or recommendation of affirmation by the National Academy of Science, which incidentally will again appear on the scene and from time to time in response to the congressional mandate to have an independent review of these matters, that incineration be the method of destruction, leads me to comment with respect to comments already made and which will be heard again and again about new technology.

The fact of the matter is that the technology of choice and of any of the techniques that I am aware of that are far enough along to consider

is to incinerate. The difference in the technologies is not new versus old, but one of burning everything at once in a single furnace versus burning the separate ingredients in a multiplicity of furnaces. And there are arguments both ways.

If you burn everything in one furnace, you will be burning explosive materials combined with noxious chemical materials and metals and wood and so forth. There is a considerable need to understand just what those combinations may lead to.

You will also be doing it on a larger scale. The furnace will be larger than you would use with these smaller pieces. On the other hand, the very multiplicity of furnaces and apparatus to lead things in and out of those furnaces is itself a matter of some complexity and concern.

So that it is not a matter of new versus old technology. It is a matter of differences of the sorts that I referred to. And I make that point not to speak in favor of or against one or the other of the techniques, but just to make it clear that it is not a matter of either adopting or waiting for something not yet invented that confronts us here.

Nonetheless, we will and are pursuing two technological approaches along the general lines that I just mentioned, and we will continue to do that vigorously.

I think perhaps I have said enough additional to the statement to turn it back to you for the questions in whatever direction you want to go, Senator, Senator Stevens, Senator Reid.

[The statement follows:]

PREPARED STATEMENT OF JAMES R. AMBROSE
UNDER SECRETARY OF THE ARMY

I am James Ambrose, Under Secretary of the Army. I appreciate the opportunity to appear before your subcommittee to discuss the matter of demilitarizing and eliminating obsolete chemical munitions.

This task is a complex national problem. There is no disagreement from anywhere, or anybody, that it must be accomplished. There is, at least in some quarters, considerable disagreement about how to accomplish it. There are numerous strict and severe constraints, legal and procedural, direct and indirect, that are applicable: environmental impact, safety, oversight, and timing. Funds, of the general order of two or more billions of dollars, are required to pay for this task, but most of these funds have not yet been authorized or appropriated. Suggestions and threats of litigation, some competing with one another, have been raised in some localities and larger governmental jurisdictions, raising thereby the possibility of delay and uncertainty in completing the undertaking.

The munitions are currently stored at U. S. military bases and at overseas locations. Some of the details are classified. But, by and large, the typical storage consists of mixed types of munitions in substantial quantities. The typical munition contains explosive ingredients as well as chemical agent, so it cannot be handled as a simple material which requires only inciner-

ation. Storage and handling are accomplished under rigorous procedures and with special security arrangements and personnel. These precautions are not perfect. There have been a few low scale incidents. But the record is that there have been no casualties in the public sector in the 40-year period that these munitions have been in storage, or during previous transportation and destruction actions. We intend to maintain that record in the future.

The Army is the executive agent for the Defense Department for the destruction of these munitions. The Secretary of the Army is the decision authority for the final environmental impact statement, including selection of destruction techniques, handling methods (including any necessary transportation), and locations of demilitarization facilities. He has asked me to oversee the Army actions that may be required. Consequently, I have been personally involved in this subject for some time.

A draft programmatic environmental impact statement was published last July. It contains a considerable amount of information on this subject. Copies have been made available to the committee. The public hearings that have been held have made it clear that additional work had to be done, particularly on emergency planning with and for local jurisdictions, risk analysis, and transportation. Those efforts are in progress. I estimate that a final statement will be published late in 1987, after a Congressionally mandated review by outside experts. At my request, the National Research Council is forming such a group and will conduct the review.

I have attached to this statement a copy of my transmittal letter for the draft EIS. I express the same caution today that was in that letter. Meeting the Congressionally-fixed date of 1994 represents a severe constraint. It forces commitment to multiple concurrent facilities construction and operation. In particular, it requires us to commit to a single disposal technique which has not been applied to a complete scale or full-size plant, albeit we consider the component parts of such a plant to have been adequately demonstrated from a safety and capacity standpoint. We need discussion opportunities such as this hearing provides to exchange views on the problems we face and the merits and demerits of various alternatives that may be available to us. We particularly need your understanding and support for whatever approach is finally adopted.

We have a credibility problem with this matter - some of it arising out of past episodes; some of it due to the hazards, uncertainties, and emotions attached to these chemical weapons. The Army, acting under my strict instructions, is doing everything it can think of to make public information and explanations on every facet of its efforts. We want nothing to take place for which the public has not had full access and opportunity to make its various viewpoints known on a timely basis. I believe we have, thus far, accomplished this. This hearing gives us another very useful chance to answer any and all questions.

GENERAL QUESTIONING

Senator SASSER. Thank you.

General Nydam, do you have a statement you wish to make?

General NYDAM. No, sir.

Senator SASSER. Senator Reid, do you wish to make a statement now?

Senator REID. Thank you very much, Mr. Chairman. I appreciate your calling this hearing on the subject matter of chemical munitions disposal.

DISPOSAL SCHEDULE

The proper disposal of these deadly weapons is extremely important to citizens across the country, especially those States or counties to be affected. I would like to state that I share Chairman Sasser's concerns regarding the timetable of this disposal schedule. I am certain that the Army will be able to dispose of these weapons in a safe and effective manner if given the time to do a responsible job.

Therefore, it would be a mistake in my opinion to force the Army to complete its task on a compressed time schedule. The Army has already lagged on its current schedule, and rushing to complete the job will only cause complications. Site specific environmental impact statements should be filed by the Army before this subcommittee can be expected to approve the $250 million in additional spending.

JOHNSTON FACILITY

Furthermore, the successful operation of the Johnston Island facility is important in assuring that the technology is effective and in quieting public doubts regarding the safety of the process.

Finally, while I am pleased that the Army has shown a preliminary preference for on-site destruction, not enough attention has been paid to the danger of transporting these volatile weapons. If the national and regional site plans were adopted, 12 percent of the stockpile would be transported, through information I have received, through northern Nevada, not far from the metropolitan Reno-Sparks area and directly across the northern part of the State.

If further consideration is given to the regional and national site plans, I would hope to see the question of the safety of this transportation thoroughly investigated.

Mr. Chairman, when my time arrives I have some questions to ask.

Senator SASSER. Thank you, Senator.

Senator Stevens, do you wish to make an opening statement at this point?

Senator STEVENS. No, thank you.

Senator SASSER. Thank you.

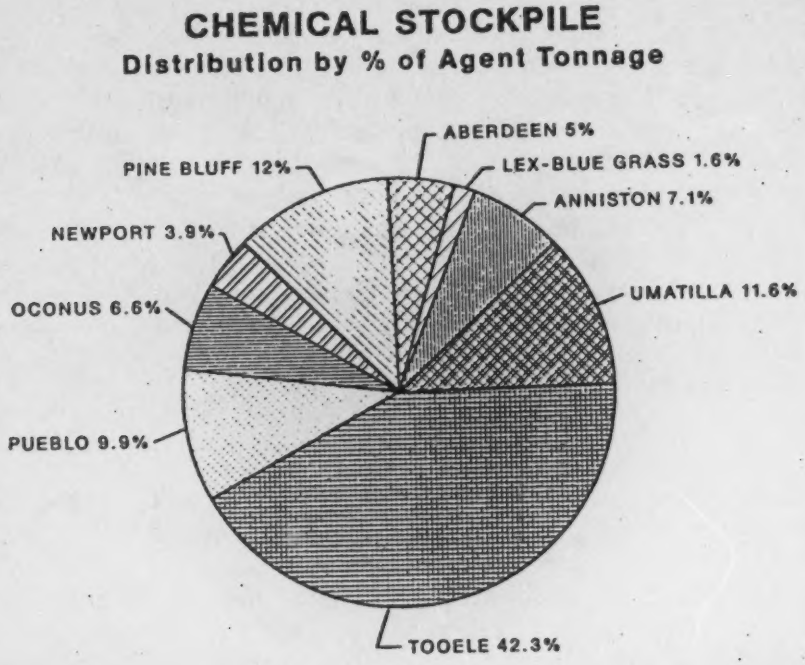
Before proceeding with questions of the witnesses, I would like to insert at this point in the record an unclassified description of the existing chemical stockpiles, an information paper on each of the eight storage sites where the chemical weapons are stored.

[The information follows:]

CHEMICAL STOCKPILE DESCRIPTION

The chemical munitions stockpile contains a variety of chemical agents in several munitions. The exact number of munitions containing chemical agents is classified because of defense considerations, but the stockpile distribution by percent of agent tonnage is shown below:

ORNL-DWG 86C-6794



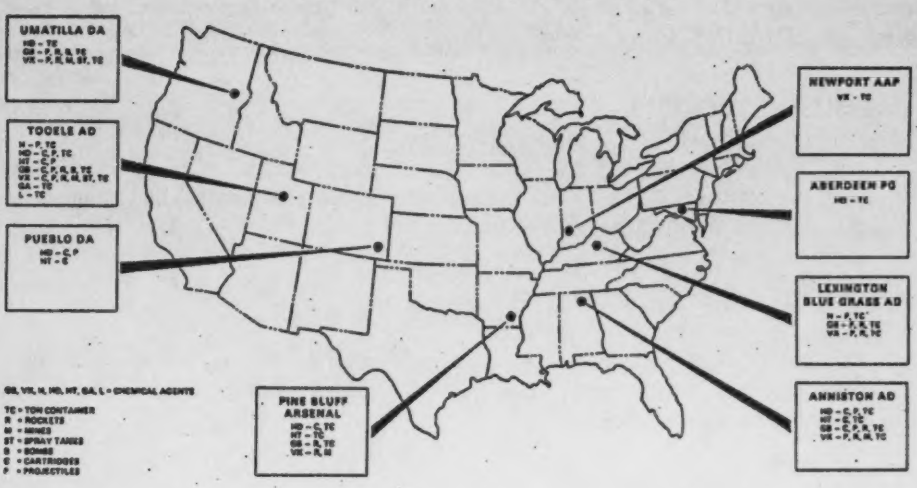
In addition, the types of chemical agents and munitions stored at each location in the United States can be given. The attached map shows this distribution throughout the country.

The lethal chemicals stored are basically three types: the persistent nerve agent VX, the nonpersistent nerve agent Sarin (GB), and the persistent mustard agents H, HD, and HT. Additionally, a small stockpile of Lewisite (L), a blister agent similar to mustard, and of GA, the first nerve agent developed, is located at TEAD.

The lethal chemical munitions in storage consist of cartridges, projectiles, land mines, and rockets. Bulk agent is maintained in a limited quantity of bombs and airborne spray tanks, and a large number of bulk one-ton containers.

The size and composition of the stockpile vary greatly at each of the storage sites. Appendix 2 discusses in more depth the chemical agents/munitions slated for disposal.

Stockpile Distribution Throughout the Country



ABERDEEN PROVING GROUND

OVERVIEW

Aberdeen Proving Ground (APG), the "Home of the Army Ordnance," is a test and evaluation installation of the U.S. Army. Established in 1917, it serves as a principal military center for research, development, and testing of arms, ammunition, track and wheeled vehicles, and general equipment.

The Proving Ground incorporates approximately 73,000 acres of tidal water lands, the boundaries of which are defined on the north end by the confluence of the Susquehanna River and the Chesapeake Bay, and on the south side by the Gunpowder River. The installation has two general areas separated by the Bush River. The southern part, referred to as the Edgewood Area, was the Edgewood Arsenal until it was merged with the northern part (now referred to as the Aberdeen Area) in July 1971.

More then 5,000 military and nearly 9,000 civilians are employed at APG as engineers, scientists, clerks, lawyers, wildlife biologists, writers, test directors, mechanics, and many other highly diverse occupations. The U.S. Army Test and Evaluation Command (TECOM) bas been the commanding agency at APG since 1984. Those tenant activities at APG directly related to chemical munitions include the Chemical Research and Development Center (CRDC) and USATHAMA.

Headquartered at the Edgewood Area, CRDC (for 68 years under various names) manages and conducts research, development, and engineering activities to provide defenses against chemical and biological attacks and to provide deterrent and retaliatory capabilities against chemical attacks. CRDC provides life cycle engineering for chemical weapons and chemical and biological defense systems. CRDC is under the jurisdiction of the Army Armament, Munitions, and Chemical Command (AMCCOM), headquartered in Rock Island, Illinois. The largest tenant in the Edgewood Area, CRDC utilizes 224 laboratory, administrative, industrial, and storage buildings. The chemical stockpile stored at APG is under the command of CRDC.

USATHAMA, the only agency within the Department of Defense that has responsibility for disposal of chemical munitions, is also located in the Edgewood Area of APG. USATHAMA has been reviewed earlier.

CHEMICAL STOCKPILE

APG stores approximately 5% (by percent of agent tonnage) of the total chemical stockpile. It consists of HD (mustard) stored in one-ton containers only. The containers are stored outside in a standard chemical exclusion area.

PROPOSED DISPOSAL FACILITIES

Disposal facilities are proposed at APG only under the onsite disposal alternative. Bulk-item processes and equipment would be used to design a facility at APG. The facility would operate for less than 2 years.

TRANSPORTATION OPTIONS

Under the regional disposal alternative, APG stocks would be shipped to Anniston. Under the national disposal alternative, they would be transported to Tooele for disposal.

ANNISTON ARMY DEPOT

OVERVIEW

Anniston Army Depot's (ANAD's) current major missions are rebuilding and maintaining tanks and other heavy equipment; performing missile maintenance; repairing and rebuilding small arms; and receipt, storage, and issue of assigned commodities.

Anniston Ordnance Depot was officially designated on October 14, 1941. By February 9, 1942, 197 carloads of ammunition had been received for storage.

During the second World War, the mission of the depot was expanded to include a combat equipment storage area. Although the Ordnance Department operated the depot, the Chrysler Warehouse Corporation assumed management in the latter part of 1943; the depot then became a subsidiary known as the Anniston Warehouse Corporation.

During the peak of World War II, more than 1,230,000 tons of material were handled, including more than 448,000 line items shipped during the two years under Chrysler Corporation.

In the latter part of 1946, the accountability of the Coosa River Depot Annex (CRDA) was assigned to Anniston. Coosa River consists of 136 igloos that occupy an area of 3,009 acres.

Over the years, Anniston's mission was expanded to include the overhauling and repairing of ordnance vehicles; a fire control and small arms rebuild mission from Augusta Arsenal (closed in 1954); the modification of M48A1 tanks and M67 flame throwers; a calibration support mission for the southeastern states; and logistics support for the Lance missile, Shillelagh, TOW systems, and the Dragon missile.

As the result of an Army reorganization, the depot was redesignated Anniston Army Depot on August 21, 1962.

ANAD is located approximately 10 miles west of Anniston, Alabama, and is situated in the center of an area that includes Atlanta (110 miles to the east), Birmingham

(50 miles to the west), Huntsville (110 miles to the north), and Gadsden (25 miles to the north).

The depot, including the CRDA, where the M55 rockets are stored, consists of 18,080 acres, of which 2,119 are improved, 2,133 are semi-improved (including 32 acres of easements), and 13,828 are unimproved.

CHEMICAL STOCKPILE

Anniston stores 7.1% (by percent of agent tonnage) of the total chemical stockpile. Four agents are configured in several forms:

Agent	Form
HD, HT	Cartridges, projectiles, ton containers
GB	Cartridges, projectiles, rockets, ton containers
VX	Projectiles, rockets, mines, ton containers

The GB and VX in ton containers are the residual agents from an earlier DATS program. Anniston stocks are stored in igloos and in outdoor storage in standard chemical exclusion areas.

PROPOSED DISPOSAL FACILITIES

Under the regional disposal alternative, Anniston would become the eastern disposal center. One basic mixed munitions facility and one bulk facility would be needed under this alternative. Each would operate 2½ to 3 years.

Under the onsite disposal, one mixed munitions basic design facility would be needed because the Anniston stockpile consists of all types of munitions. This facility would be in operation a little more than 2 years.

TRANSPORTATION OPTIONS

Under the national disposal alternative, the Anniston stocks would be transported to Tooele for disposal.

Under the regional disposal alternative, Anniston would receive stocks from Aberdeen, Lexington–Blue Grass, Newport, and Pine Bluff for disposal.

LEXINGTON–BLUE GRASS ARMY DEPOT

OVERVIEW

The current mission of the Lexington–Blue Grass Army Depot (LBAD) is to support the military in the areas of cryptological equipment, conventional and toxic munitions, general supply, and other designated items and services. LBAD also hosts 16 tenant activities with diverse missions.

Formed by consolidating the Signal Depot at Lexington and the Blue Grass Ordnance Depot at Richmond in August of 1964, LBAD is one of three major military installations in Kentucky. The headquarters for LBAD, which is located apart from the Blue Grass Facility, is approximately 9 miles east of Lexington.

Initial construction of the Lexington Facility (originally the Signal Depot) began in July 1941 in Fayette County, Kentucky. The mission responsibilities of the this installation have changed many times since activation. In 1952, the installation was responsible for overseas signal support through New Orleans and New York ports. Subsequently, the support of the New Orleans Mission was assigned to the Decatur (Illinois) Signal Depot, while the New York mission was assigned to the Tobyhanna (Pennsylvania) Signal Depot. In 1961, the Decatur Signal Depot was inactivated, and most of its mission was transferred to the Lexington installation.

The Blue Grass Facility (BG) is situated in Madison County, Kentucky. It is located approximately 27 miles southeast of the city of Lexington and is approximately 4 miles south of the city of Richmond.

At BG, construction of an ammunition storage area, a general supply storage area, and a utilities and administrative area was begun on the 5,868-hectare tract of land in April 1942. The first completed portion of this installation was turned over to the Ordnance Department by Army Engineers on September 4, 1942; and the actual operation of the installation began on October 2, 1942, when seven carloads of ammunition were received for storage. The installation was operated by the federal government until October 25, 1943, at which time the operation of the installation was assumed by a corporation under the name of Blue Grass Ordnance Depot, Inc., a subsidiary of the Firestone Tire and Rubber Company. The corporation operated the installation on a cost-plus-fixed-fee basis until October 25, 1945, when, again, the federal government assumed control. BG has 1,207 permanent buildings, which include 914 igloos, 10 general-purpose warehouses, and a modern ammunition washout facility constructed in 1975.

CHEMICAL STOCKPILE

With only 1.6% (by percent of agent tonnage) of the total chemical stockpile, the LBAD stocks are composed of:

Agent	Form
H	Projectiles, ton containers
GB	Projectiles, rockets, ton containers
VX	Projectiles, rockets, ton containers

The ton containers of H, GB, and VX are the residual agent from an earlier DATS program. The entire stockpile is stored in igloos.

PROPOSED DISPOSAL FACILITIES

A single facility would be required at LBAD only under the onsite disposal alternative. LBAD stocks contain rockets and a relatively small number of projectiles. The munitions facility at this site would be equipped with a single projectile processing line. Incineration operations at LBAD would require in about 1 year.

TRANSPORTATION OPTIONS

Under the national disposal alternative, LBAD stocks would be transported to Toocle. Under the regional disposal alternative, Anniston would be their destination.

NEWPORT ARMY AMMUNITION PLANT

The Newport Army Ammunition Plant (NAAP) is owned by the U.S. Department of Army and is operated under contract by Uniroyal, Inc. NAAP is operated under the jurisdiction and authority of the Commander, U.S. Army Armament Materiel Readiness Command (ARRCOM), Rock Island, Illinois 61201. NAAP is located on State Highway 63, about thirty miles north of Terre Haute, Indiana, two miles southwest of Newport, Indiana and thirty miles southeast of Danville, Illinois. NAAP consists of 6,990 acres of rural Vermillion County which includes production, storage and support facilities on 619 acres and agricultural, glazing, and forested areas on the rest.

NAAP has the assigned dual mission of maintaining the TNT and Chemical Agent VX manufacturing facilities in a state of standby readiness and of providing adequate security and surveillance for the chemical agent storage facilities. In addition, it is under consideration as the site for production of one agent of the new binary chemical weapon system.

NAAP began its existence as an RDX explosive production facility (known as the Wabash River Ordnance Works) on February 2, 1942. E.I. du Pont de Nemous and Company contained this operation until 1946. E.I. du Pont also constructed and operated a heavy water plant onsite. Both went into standby at the end of World War II.

In 1951, the Liberty Powder Defense Corporation of East Alton, Illinois rehabilitated two of the five RDX lines and produced RDX until March 1957. At the same time, du Pont reactivated the heavy water production facilities and manufactured heavy water from 1952 to 1957.

Between 1959 and 1961, the former site of the heavy water plant was converted to the manufacture of chemical agent VX by FMC Corporation. FMC operated this plant until 1968 when it was known as the Newport Army Chemical Plant. However, on August 27, 1964, the Wabash River Ordnance Works and the Newport Army Chemical Plant were combined to form the Newport Army Ammunition Plant.

A TNT manufacturing facility was built and operated by du Pont from 1968 until it was placed in standby readiness in 1974. After completing layaway operations, du Pont turned over standby operations to Uniroyal, Inc. in July 1975, at which point the du Pont contract was allowed to expire.

Meanwhile, in January 1969, FMC Corporation began transferring the VX chemical agent from bulk storage to one-ton containers for shipment to storage depots located off-site. However, in mid-1969, the U.S. Army declared a moratorium on the shipment of toxic chemicals. Filling operations were continued by du Pont, despite the moratorium, and the containers were placed in storage at a temporary on-site location. From December 1976 through April 1977, the VX chemical agent was moved from the temporary outdoor storage lot to a Chemical Plant production building which was converted to a controlled storage facility to house the containers.

CHEMICAL STOCKPILE

Only 3.9% (by percent of agent tonnage) of the total chemical stockpile is located at Newport. It is chemical agent VX stored in ton containers. These containers are stored in metal buildings within a chemical exclusion area.

PROPOSED DISPOSAL FACILITIES

Bulk facilities are under consideration as the onsite disposal concept for Newport. The design would provide only those facilities and equipment required for processing ton containers of agent. The Newport stocks could be disposed of in less than 2 years.

TRANSPORTATION OPTIONS

Tooele would receive Newport's stocks under the national disposal alternative, while Anniston would be the receiver under the regional disposal alternative.

PINE BLUFF ARSENAL

OVERVIEW

Pine Bluff Arsenal (PBA) is located in Jefferson County, Arkansas, 8 miles northwest of Pine Bluff and 35 miles southeast of Little Rock. The Arsenal extends 8.3 miles in a N/S direction and 2.75 miles in an E/W directional; of its 14,454 acres, 10,678 are in timberland. It is bounded on the west by the Missouri Pacific Railroad and on the east by the Arkansas River.

The Arsenal was established in November 1941 by the War Department. Initially, PBA was used for loading bombs. The initial chemical production was expanded to include the manufacture of gases and the filling of smoke bombs, grenades, and other ammunition.

PBA's current functions include

- filling hand grenades, rockets, and shells;
- producing and testing chemical defensive equipment, such as masks, filters, and protective clothing;
- providing engineering and technology for the design of facilities and equipment used in the production of ammunition;
- operating a depot for receiving, storing, guarding, renovating, and disarming ammunition and other government controlled material; and
- maintaining facilities and equipment to meet mobilization requirements.

In November 1983, the federal Environmental Protection Agency at Dallas granted a permit to the Army to construct a hazardous waste landfill at the Arsenal. The Army requested the landfill to clean up building materials and earth contaminated by the operation of the old chemical manufacturing building at the Arsenal, which was used in the 1940s and 1950s to produce mustard gas and lewisite.

The Arkansas State Pollution Control and Ecology Department also approved the proposal and submitted an additional proposal to allow the Arsenal to build and operate an incinerator for the destruction of BZ, now an obsolete incapacitating agent. BZ, a hallucinogen, was placed at the Arsenal in the late 1960s and needs to be destroyed because it has surpassed its shelf-life.

The BZ facility is quite similar in design to the CAMDS and JACADS disposal facilities and could be altered to dispose of the lethal chemical stockpile with appropriate environmental documentation and permits.

A safer form of chemical weapon has been initiated under Public Law 99-145. This proposed binary system would contain two nonlethal agents that would combine to form a lethal agent when the weapon is fired. If these weapons are approved in the future, PBA will likely be the production site for one of the two agents.

CHEMICAL STOCKPILE

The 12% of the total chemical stockpile (by percent of agent tonnage) located at PBA includes the following:

Agent	Form
HD	Cartridges, ton containers
HT	Ton containers
GB	Rockets, ton containers
VX	Rockets, mines

The ton containers of GB are the residual agent from an earlier DATS program. In addition, PBA also stores the nonlethal BZ incapacitating agent stockpile, already scheduled for disposal. PBA stocks are stored in igloos and in outside storage facilities within standard chemical exclusion areas.

PROPOSED DISPOSAL FACILITIES

Under the onsite disposal alternative, PBA would convert the BZ incapacitating agent disposal plant being built to a lethal agent disposal plant. Both the BZ and lethal agent stockpiles at PBA contain munitions and bulk items. The BZ stockpile will be destroyed by incineration; this is the same method by which the lethal agent stockpile would be destroyed. The BZ plant is similiar to a JACADS facility and can be further modified after the BZ stocks are disposed of to incinerate the lethal agents.

TRANSPORTATION OPTIONS

Under the national disposal alternative, PBA stocks would be shipped to Tooele. Under the regional disposal alternative, Anniston would be their destination.

PUEBLO ARMY DEPOT ACTIVITY

OVERVIEW

The Pueblo Army Depot Activity's (PUDA's) major mission is to operate a supply depot for the receipt, storage, issue, maintenance and disposal of assigned commodities, including general supplies, conventional and chemical ammunition and the Pershing Missile System.

PUDA is located in the southeast portion of Colorado 14 miles east of Pueblo. The depot activity covers 22,654 acres containing 2,090 buildings and structures.

In addition to the storage of chemical munitions, PUDA handles conventional small arms, large artillery shells, missiles, propellants, and bombs. It also has the capability to perform normal maintenance, modifications, renovation of all ammunition items and components.

Its maintenance mission consists primarily of the Pershing Missile Systems and includes the reconditioning, rebuilding, modifying, and testing of the system and its components.

Construction of Pueblo Ordnance Depot began in February 1942, with the first carload of ammunition received in August of that year. Almost immediately facilities were

expanded for the receipt, storage, and issue of general supplies in support of World War II. In 1946, PUDA was assigned the mission for the maintenance and overhaul of artillery, fire control and optical equipment. Two years later, renovation and demilitarization of ammunition was added. During the Korean War, shipments of general supplies and ammunition increased and the depot reached its highest civilian strength of nearly 8,000 employees. Missile maintenance was added to the depot mission in the 1950's.

Since 1972, PUDA has been the repository for more than 350 oil paintings, watercolors and drawings of German War Art owned by the United States Army. The historical artifacts are part of a larger collection of some 6,000 items, some of which hang in the hallways of the Pentagon, with the remainder catalogued in various Army museum collections.

PUDA operates under the jurisdiction of Tooele Army Depot, Utah.

CHEMICAL STOCKPILE

Approximately 9.9% (by percent of agent tonnage) of the total chemical stockpile is stored at PUDA. PUDA's stockpile is composed of cartridges filled with HD and HT, and projectiles containing HD.

PROPOSED DISPOSAL FACILITIES

Disposal facilities are proposed at Pueblo only under the onsite disposal alternative. A signle mixed munitions plant would be in operation for a little over one year to dispose of the Pueblo stocks.

TRANSPORTATION OPTIONS

In both national and regional disposal alternatives the Pueblo stocks would be transported to Tooele.

TOOELE ARMY DEPOT

OVERVIEW

Tooele Army Depot (TEAD) has primary responsibility for overhauling the Army's tactical wheeled vehicles and power generation equipment, plus all associated secondary items; these include trucks, trailers, engines, transmissions, axels, and construction equipment.

Tooele rebuilds locomotives ranging in size from 44 to 125 tons. The depot, in fact, has the only rail maintenance facility in the Department of Defense (DOD). A unique rail training course, taught by depot personnel, teaches reserve soldiers the mechanical skills required to repair rail system components. It also has the only tire recapping facility for DOD within the continental United States and is the only maintenance depot for the Redeye missile system.

The depot repairs and overhauls topographic equipment. It is the only installation within DOD with this capability.

TEAD manages vast amounts of war reserve materiel. The renovation, modification, maintenance, and disposal of conventional, guided missile, and chemical munitions is another of TEAD's primary missions.

TEAD is also the site of a unique pilot plant—the Chemical Agent Munitions Disposal System (CAMDS)—which is the only facility of its kind. CAMDS is a test facility for prototype equipment designed to develop, test, and document technology for chemical munitions disposal.

Finally, Tooele is the Center of Technical Excellence for the development of industrial robots suitable for Army operations. In the development of ammunition-peculiar equipment, advancements made by the depot have included the adaptation and use of industrial robots in munitions operations.

The TEAD complex consists of seven locations in five states. The complex includes three locations that comprise the main depot in Utah and four depot activities in Colorado, Oregon, New Mexico, and Arizona.

Tooele's three locations in Utah include (1) the main depot, near the city of Tooele (population, 17,000) and 35 miles west of Salt Lake City; (2) the South Area, more remotely located 15 miles south of the main depot; and (3) the Non-Tactical Generator and Rail Shops Division, located 65 miles north of the main depot at Hill Air Force Base.

The depot complex, including the four depot activities, totals 136,804 acres of land. Tooele's main depot comprises 24,732 acres; the South Area, which contains the chemical storage area and the CAMDS facility, is 19,364 acres. The remaining acreage is divided among the four depot activities.

Construction of Tooele Ordnance Depot began in 1942 and was completed in 1943. The first mission assigned to the depot on December 8, 1943, was to store vehicles, small arms, and fire control equipment for export. Other mission functions included overhauling and modifying tanks and tracked vehicles and their armaments. Later, in July 1943, Tooele was designated as a reserve storage depot for tank and combat vehicles, tools, and other equipment.

During the same time Tooele Ordnance Depot was under construction, a storage depot for the Chemical Corps toxic materiel was built 15 miles south of Tooele. It was named the Deseret Chemical Depot. In 1961 the two depots merged to become Tooele Army Depot.

CHEMICAL STOCKPILE

Tooele has the largest single portion of the total chemical stockpile: 42.3% by percent of agent tonnage. These stocks are very diverse, as shown below:

Agent	Form
H	Projectiles, ton containers
HD	Cartridges, projectiles, ton containers
HT	Cartridges, projectiles
GB	Cartridges, projectiles, rockets, bombs, ton containers
GA	Ton containers
VX	Projectiles, rockets, mines, spray tanks, ton containers
L	Ton containers

Tooele stocks are stored in igloos and in outside storage facilities within a standard chemical exclusion area.

PROPOSED DISPOSAL FACILITIES

Under the national disposal alternatives, at least 5 disposal facilities would be required at Tooele (3 for munitions and 2 for bulk items). Each facility would incinerate stocks for 3 to 4 years.

Under the regional disposal alternatives, only 2 munitions-processing facilities and 1 bulk-processing facility adapted from CAMDS would be required. Incineration operations would last from 3 to 4 years.

Under the onsite disposal alternative, 1 munitions-processing facility and 1 bulk-processing facility would be required. The bulk facility would operate for approximately 3½ years, while the other facility would be in operation for about 3¼ years.

The new facilities would be located apart from the CAMDS bulk facility and would function independently.

TRANSPORTATION OPTIONS

Under the national disposal alternative, all CONUS chemical stocks would be transported to Tooele for disposal

Under the regional disposal alternative, only those stocks from Umatilla and Pueblo would be added to Tooele's own substantial stockpile.

UMATILLA ARMY DEPOT ACTIVITY

OVERVIEW

The Umatilla Army Depot Activity's (UMDA's) principal mission is to receive, inspect, maintain, renovate, repack, store, ship, and dispose of munitions.

UMDA is located in Umatilla and Morrow counties in northeastern Oregon, approximately 8.5 miles west of Hermiston, Oregon. The largest city in the general area is Pendleton, Oregon, which is located about 33 miles southeast of Umatilla Depot Activity and has a population of approximately 15,000. The Tri-Cities (Pasco, Richland, and Kennewick, Washington) are located approximately 35 miles north of Umatilla and have a population greater than 100,000.

The depot activity is approximately five miles long and five miles wide, encompassing nearly 19,700 acres. The government owns 17,050 of these acres, with the remaining acreage being covered by restrictive easements.

The site for Umatilla was selected in the summer of 1940. Initial construction of 1,002 ammunition storage igloos began in February 1941. The installation was originally designated as the Umatilla Ordnance Depot and began operations in October 1941 as an ammunition storage facility.

Between 1942 and 1945, Umatilla served as a backup storage site for large quantities of materials from the Seattle General Depot. Its wartime manning level was in excess of 2,000 employees. From 1945 to 1949, UMDA was a support storage site for general supplies from Mount Ranier Ordnance Depot.

In August 1962, the depot was renamed Umatilla Army Depot, and 11 years later was redesignated Umatilla Army Depot Activity and placed under the jurisdiction of Tooele Army Depot, Utah. The installation is presently manned by approximately 250 civilian and military personnel.

CHEMICAL STOCKPILE

The UMDA portion of the total chemical stockpile by percent of agent tonnage is 11.6%. These stocks include 3 chemical agents in a variety of forms as shown below:

Agent	Form
HD	Ton containers
GB	Projectiles, rockets, bombs, ton containers
VX	Projectiles, rockets, mines, spray tanks, ton containers

These stocks are stored in igloos.

PROPOSED DISPOSAL FACILITIES

A single facility is proposed under the onsite alternative only. Umatilla stockpile contains rockets, mines, projectiles, and bulk items and requires the same process equipment as the basic design. The operations period at Umatilla would be about 2½ years.

TRANSPORTATION OPTIONS

Umatilla stocks would be shipped to Tooele for disposal under both national and regional disposal alternatives.

EXTENSION OF 1994 DEADLINE

Senator SASSER. Secretary Ambrose, let me say, at the outset, that I have confidence in the Army's management of the chemical weapons stockpile. I have confidence in your efforts to comply with the 1994 congressionally mandated deadline for destruction of the stockpile, and I think you have been very forthcoming and candid with us today in your statement.

You have pointed out, I think, some specific problems that are being faced as a result of trying to comply with the deadline that has been imposed by the Congress of 1994 for destruction of these chemical weapons. And I have no doubt that, if the Congress fails to extend this 1994 deadline, the Army is going to do everything it can under the circumstances to do the best job possible.

But the point is, I think, or the point that concerns me and the point that has been made by other witnesses this morning, is that the 1994 deadline presents some very significant technical and procedural risks and, quite frankly, it presents some very significant political problems.

ALTERNATIVE TO 1994 DEADLINE

Now, I am going to put you on the spot this morning, Mr. Secretary. I know the Army is working toward a report outlining several alternatives to 1994. The report is going to be delivered up here in 2 or 3 weeks. But based on what you know so far, what is the most appropriate alternative to the 1994 deadline?

Mr. AMBROSE. Senator, I do not mind being put on the spot. I will tell you what I can, if I may enter into the record first a kind of disclaimer. I am not the formal decision authority on the environmental impact statement, but I am too close to it and too much involved in it

to want to make any statement that could be judged as preempting the EIS process in its formalities and legal technicalities, about which I am not a specialist.

So if you would not object to receiving such a disclaimer, I will do the best I can to answer the other questions.

TIMING

On the timing business, I point out that when I transmitted to the Congress the disposal concept plan last year, I sent along with it a transmittal letter in which I expressed my own reservations about the timing. And those reservations I think are still valid.

If anything, the need for further considerations within the EIS process have caused us to delay the intended decision date by approximately 1 year. And that, while we do not think it is an absolute basis for forcing a slip, it certainly does nothing to improve the tightness of the schedule that was already tight.

And the programmatic environmental impact statement itself is, as you said and heard, not the end of the process, because each site has to have some further environmental processing. These are all in the law and regulations, over which we have no control, nor any particular desire to exercise control.

And we have been subjected, as I said in my written statement, to suggestions of litigation coming from various directions, litigation if we stay put, litigation if we move these things. I have no way of forecasting that, but there is no content of a schedule allowance in 1994 for any of that.

That is a completely optimistic, no problems type schedule. So I think it is still reasonable to raise questions. We will do it. It can be done, but it gets to be a very tight process.

Beyond that, there are no good choices as you will see subsequently when the report is submitted. If you will allow me to just approximate statements. If we wait until Johnston Island has run actual operations and demilitarization for some period, we will necessarily be looking at a schedule slip of not the 3 years that Congresswoman Bentley proposed, but something in order of 5 or 6 or more years.

We can only achieve that limited an extension if we then build everything simultaneously beyond Johnston. If we do that, we again have the problems that go with concurrent construction, concurrent operations, and operations crews that would also be in the 1994 schedule.

On the other hand, we will be wiser. We will know what one full-sized plant does and does not do and what to change about it. We will be wiser than we are at the moment.

So any delay adds some wisdom. The one thing that I think we can say at the moment, based on all that we have been able to learn about the devices most susceptible to increasing leakage, these M-55 rockets, is that we know of no catastrophic impending problem. We think we have the time to proceed without worrying about that.

STORAGE COSTS

As time wears on, we incur continuing costs of storage. These costs are quite high. These materials are kept under special security provisions and they are rather expensive. So we run up a bill of that kind for each year we continue to keep these things.

That bill will disappear with the introduction of binary weapons, because they require no such special provisions. The components can be kept well separated and are not subject to the same problems.

So that is a rather long winded, I am afraid, attempt to explain that there are no good choices, no clear cut it is better to do this than that. We gain some things with more time; we incur more costs. We may save some costs by improved techniques.

And, as you will see, in the report we will simply lay out these choices and say we need some help, because any of these choices involve, as you said, political decisions as well as technical and monetary decisions.

M-55 ROCKET STOCKPILE

Senator SASSER. Mr. Ambrose, before turning to the other Members of the subcommittee for their questions, I have one other question. In October 1985, the Army conducted a study of the stockpile of M-55 rockets to determine the rate of deterioration of the stabilizer in the chemical weapons themselves that keeps the chemical stable.

It is my understanding that this study revealed that the stockpile is not deteriorating as rapidly as we believed when the Congress first mandated a 1994 deadline for destruction. In fact, I am told that the portion of the stockpile which had lost the most of its stabilizing capability could still be stored safely for at least 25 additional years.

Is that an accurate statement?

Mr. AMBROSE. Yes; the rockets when they were built had incorporated in the propellant, which is the most suspect ingredient, not the chemical material, but a stabilizer which was thought to be sufficient for 25 years of life. The 25 years are up, and these rockets have more stabilizer in them now than would have been necessary if that had been a valid theory of destabilization.

So from everything we have learned from experience and everything that has transpired in the evolution of theory of stability in the chemical sense, we believe those rockets are good from that standpoint for a long time.

Senator SASSER. So we now find that the rockets, which were predicted to have a stabilizing life expectancy of 25 years, may have a minimum stabilizing life expectancy of 50 years?

Mr. AMBROSE. Or perhaps even longer. I do not argue that we keep them around for that length of time, but there is no evidence, either in the actual experience, leakage rates, or in the chemical analysis which you mentioned, that suggests that the stockpile is deteriorating.

LIFE EXPECTANCY OF STABILIZER

Senator SASSER. My point is this, Mr. Secretary, that the Congress is not now operating under the time pressure of the stabilizers decomposing and rendering the chemical weapons unstable that we thought we were.

In other words, when we passed the 1994 legislation we thought the stabilizer had a life expectancy of 25 years. We now find that it has a minimum life expectancy of 50 years and perhaps considerably longer than that.

Mr. AMBROSE. This is not the only time dependent thing that goes on in those rockets. They are made out of aluminum, and there are chemical actions between the chemical ingredients and aluminum that I would not want to extend that far into the future.

But the propellant part, which was the cause of the 25-year statement that you made, is not a current problem, nor are we faced, as some thought or suggested, with some sort of a catastrophic situation. If we were, we would need something other than the 1994 plan; we would need to be out there getting rid of that stuff right now.

But we do not believe from these analyses that that is a correct premise. And we intend to continue making analyses from time to time. I found that when I ordered that analysis made that there was none, had not been one for the prior 25 years. So we made quite an extensive sample. That sampling process and the evidence has been looked at by a number of experts, not just us, and the information is available in the public record if you want it there.

Senator SASSER. Thank you, Mr. Secretary.

Following the early bird rule here, we turn next to Senator Stevens—oh, we will turn now to Senator Reid. He was here first. I thought I would defer to your side, Senator, but we will go next with Senator Reid.

TRANSPORTING OF CHEMICAL WEAPONS

Senator REID. In establishing the transportation routes for these chemical weapons, were there any criteria for avoiding metropolitan areas of a certain size?

Mr. AMBROSE. We used the methodology that was available that——

Senator REID. Could you just answer that yes or no? Did you have some criteria for avoiding metropolitan areas?

Mr. AMBROSE. Yes.

Senator REID. What was that criterion?

Mr. AMBROSE. The criterion was any area that had a population of 100,000 or less was to be included.

Senator REID. You would avoid an area over 100,000, or try to?

Mr. AMBROSE. It is difficult to give a simple yes or no, Senator, as there are not railroad systems available that allow the criteria to be precisely followed. So in some cases rail lines only go through populous areas and so we did not strictly follow the rule.

But the methodology was to attempt to follow the rule.

Senator REID. Would you be kind enough to submit to me, Mr. Secretary, whatever your criteria are in writing, so I can review that?

Mr. AMBROSE. Yes; I will be glad to.

[The information follows:]

CRITERIA FOR AVOIDING METROPOLITAN AREAS

Oak Ridge National Laboratieis, the Army's contractor for the programmatic environmental impact statement used an algorithm that chose the best rail lines that bypass population centers over 100,000 people. The routes were developed using the INTERLINE rail route modeling system. The algorithm tends to route shipments to concentrate them on major mainlines and to keep shipments with the originating railroad as long as practical. Superimposed on the routing algorithm is the requirement to avoid population centers of 100,000 or more. The avoidance criterion normally lengthens the routes and often uses poorer quality track. Unfortunately, there are several cities of 100,000 or more that cannot be avoided without constructing new rail lines or requiring an unusually circuitous route—Baltimore, MD; Salt Lake City, UT; Provo, UT; Ogden, UT; and Pueblo, CO. If transportation by rail is chosen in the record of decision, a detailed transportation plan will be developed that assesses, in detail, all the rail bed conditions, the environmental risks and avoidance of population centers.

HARTHORNE AMMUNITIONS DEPOT

Senator REID. If I could now direct a question to the General. We have spent the morning talking about the planning and execution of disposal of chemical weapons, and, I am sure, given the proper amount of time, the Army will do a good job in disposing of these weapons.

However, I would like to turn your attention to a separate but related subject of conventional weapons disposal. In the State of Nevada, it is my understanding that we have the largest ammunition depot in the Western World, the Hawthorne Ammunitions Depot. And in this depot we have now large, large stocks of ammunition that are aging and not of any use in a conventional sense.

And it is my further understanding that lots of money was spent there in the late 1970's to build a facility—the Navy built a facility—for the demolition of aging ammunition in a closed system, without the problems of environmentally questionable open air burning that is often used for the destruction of this ammunition.

DEMILITARIZATION OF CONVENTIONAL WEAPONS STOCKPILE

My questions then are multiple. Does the Army have a plan for the demilitarization of its conventional weapons stockpile?

Mr. AMBROSE. Senator, do you mind if I step over the General. I am the one who shut that facility down and I can speak to that.

Senator REID. I have been looking for that guy for a long time. Good.

Mr. AMBROSE. Your predecessor knew him very well, and the local people as well.

Senator REID. OK, fine.

Mr. AMBROSE. That project started as a Navy undertaking back quite some years ago, and it was estimated to cost $14 million. At the time I

stopped the activity, it had gone over $70 million and promised to go considerably higher, and the cost per ton of demilitarized munitions had exceeded, the estimated cost, had exceeded $2,000 a ton, which I felt were just ridiculously high.

And the machinery had not even been demonstrated as to whether it would work. So I would be glad to talk with you at any further length you wish about it, but I hope you do not mind my taking the question.

Senator REID. Oh, no. That is fine.

In answering the question, however, does the Army have a plan for deactivating ammunition that is stored around the country?

Mr. AMBROSE. We would hope that in the State of Nevada, in particular, that we would be allowed to continue the processes which are in use of destruction in open pits. If we are forced countrywide to demilitarize that by closed processes, we do not currently have a good plan to accomplish that. It is a very, very expensive process.

Senator REID. Mr. Secretary, I will not take the time of the rest of the committee. You and I will sit down at some later time and talk about this.

Mr. AMBROSE. I would be happy to.

Senator REID. Thank you very much.

Mr. AMBROSE. I regret very much having to shut it down, but I could not see the further expenditures.

Senator REID. We will visit about this in the future.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Reid.

Senator Stevens.

SUPPLEMENTAL REQUEST

Senator STEVENS. You have a request, I understand, for $250 million here in the supplemental. Is there a plan for actually expending that this fiscal year?

Mr. AMBROSE. The actual expenditure, Senator, will depend on the plan that is actually adopted and agreed to. I think the point that underlies that request is that we need some means between us of proceeding to complete this job once we undertake it.

And we felt that a way to get that was to lay at, given the existing mandate of 1994, orders for the machinery along the lines that are in use at Johnston Island, because we have no other choice, and to proceed with the simultaneous planning and layout of the seven other concurrent sites.

When that request was prepared and submitted here, we did not perceive that we would have to delay the draft EIS or the final decision. That has happened since the budget was sent in. So we are not completely certain that we can spend all of the construction money, but I think we could, if the decision is to sustain the 1994 date, place the orders for the equipment.

We have no other design than to buy more equipment of the Johnston Island kind, and that costs something on the order of $35, $40 million per site.

Senator STEVENS. It is probably unfair to do this, but I have read the statements that are here. Have you seen the GAO statement?

Mr. AMBROSE. Yes.

SITE-SPECIFIC ASSESSMENTS

Senator STEVENS. Do you agree with the comments that—this is the comment: The Army does not plan to do site-specific assessments until after filing its final decision in January 1988. If these two States do not act on the Army's permit application until 1988, it is questionable whether construction can start on schedule.

Do you agree with that?

Mr. AMBROSE. Yes; the site-specific statements follow the programmatic statement that we have so far been working on with specific requirements and legal advice from the EPA and from the White House, Al Hill organization that watch over this process agree that it should be done in this kind of sequence.

Senator STEVENS. Let me put it this way. I believe there is substantial support still in the Congress to try to have you maintain the 1994 date if possible, although there are serious questions being raised here in these statements. And I have heard the statement of the chairman of the subcommittee and I respect his judgment.

SUPPLEMENTAL REQUEST

Are you prepared now to restate your request before the committee as far as the supplemental is concerned in terms of how much money you want for this year in this supplemental?

Mr. AMBROSE. Senator, I think the first thing we should do, if I may, is submit to the Congress, which we will do this month, the alternative plans and try to get some sense of whether we should simply stick to the 1994 or whether we should anticipate a change from that.

That will be in the next 2 or 3 weeks. We are prepared at any point we can get a clear illumination of the other alternatives to tell you what we can and cannot do in expending fiscal year 1987 funds.

CRYOFRACTURE TECHNOLOGIES

Senator STEVENS. Will those expenditures pertain to testing the baseline—what is it—cryofracture technologies?

Mr. AMBROSE. If the decision should be to sustain the 1994 concurrent plan, then the cryofracture technology in my opinion cannot be brought to a sufficiently demonstrated state to play a significant role, and we would stop it. We have maintained that effort against the contingent possibility that the other method would develop some problems. So it was an insurance policy, and against the possibility that there would be a change in plans, either by congressional action or by delays imposed by litigation, over which we have no control.

The 1994 plan that we laid out has no allowance for such litigation, and we, of course, would not be able to execute it.

Dr. BARKER. If I might interrupt here, the decision on the part of the Department of Defense to ask for the $500 million in the fiscal year 1987 supplemental was in part motivated by a desire to separate it from the Army's military construction budget request, which we believe should not be unfairly burdened by a responsibility that really is a national program.

Part of our motivation in bringing it forward and highlighting it in this manner was, one, to emphasize our commitment; and two, to separate it from the Army's normal fiscal year 1988 and beyond military construction budget. We fully realize that we can only obligate about $10 million of those funds during fiscal year 1987, but unless we get early appropriation of those funds there will be no chance of us meeting the 1994 schedule.

We need to be in a position to spend those funds as is technically appropriate in a manner so as to meet the currently congressionally mandated deadline of 1994.

Senator STEVENS. I understand there is the $500 million request, but as I understood it, only one-half of that was before this subcommittee.

Mr. AMBROSE. That is correct.

STORAGE PROBLEMS BEYOND 1994

Senator STEVENS. The responses, Mr. Secretary, to the chairman's questions concerning the problems associated with continued storage beyond 1994—let me ask you, from my point of view the question is, have you all changed your position concerning the amount of time that these munitions could be stored without having any danger to the people in the area in which they are stored?

Mr. AMBROSE. From the time we had adequate technical surveillance of these, no. The amount of time available consistent with what the chemical experts know about stabilization is at least another 25 years on the propellant.

We have less knowledge of the aluminum-chemical nerve gas reactions, and so we consider it prudent to suggest a lesser time. But we have no exact time when these things are going to catastrophically fail or anything like it.

Senator STEVENS. Let me put my position to you. I was among the group that helped negotiate the support for the new binary system, and in doing that we made a commitment that we would destroy these weapons by 1994.

I am very reluctant to see us abandon that commitment that we made, in view of the very difficult problem we had in obtaining support for the new system, which is not dangerous to either those that handle it nor the people around whom it is stored. And I think we are going to be called upon to make these commitments and put them into law, and we should be very, very slow in changing them.

I am going to resist changing the 1994 date, unless it is demonstrated that compliance with that date would cause a hazard to people handling it or in the transportation of the munitions or somehow raise some problem that we did not contemplate at the time we set the date.

Mr. AMBROSE. Senator, I can only say in response to that, it is not any effort or intent on our part to intervene in that kind of consideration. We are simply trying to tell you what the considerations are that are relevant to the chemical demilitarization business.

We certainly need political judgment and political participation in whatever—we cannot unilaterally determine those things.

Senator STEVENS. I understand your position and I have read the statements. Thank you.

Senator SASSER. Thank you, Senator Stevens.

Senator Specter.

FURTHER RESEARCH INTO DESTRUCTION OF WEAPONS

Senator SPECTER. Secretary Ambrose, the materials that I have seen raise questions as to whether we now know or whether we need more detailed research into the most efficient, safe, and economical method for destruction. Is more research necessary to make that determination?

Mr. AMBROSE. It would be desirable to have a pilot plant operation of any complex process of this sort. I think that people you would know quite well in the petrochemical business would tell you that, as they have told me, because I have sought their advice.

But we got along the course of building a full-scale plant at Johnston Island and we now regard that as both full-scale and the pilot plant for this preferred or originally preferred system.

I do not recall whether you were here when I mentioned it before, but the alternate system also depends on incineration. It is not as far along in its approach toward a pilot plant or some kind of small facility. If we had the time, we would prefer to work both out at a pilot plant level.

But as I said a moment ago, if we have to maintain the 1994 date, there is no need to consider alternatives. We will work out the pilot plant aspects of the current method at Johnston Island.

PILOT PLANT ON ALTERNATIVE APPROACH

Senator SPECTER. Well, if there were to be a pilot plant on the alternative approach, how long would a delay be involved using that pilot?

Mr. AMBROSE. I will have to correct it for the record if I am wrong, but I believe it is about 4 years.

Senator SPECTER. That would put the timespan into the 1998 range?

Mr. AMBROSE. Or longer.

SAFETY ON RAIL ROUTES

Senator SPECTER. In answer to a question by Senator Reid, you had commented that on the rail routes, as I understood your comments, you had tried to use the format prescribed for safety. But as I understood your statement, you could not do that in all situations.

Mr. AMBROSE. There are some places in the country where there simply are no existing rail lines that do not traverse populations of 100,000 or more. The most obvious one is in taking materials to the Tooele Depot in Utah we have to go through Salt Lake City.

Senator SPECTER. How many other similar situations arise where you have to go into populations of that concentration?

Mr. AMBROSE. I will get you an exact number. There are several other cities, though, that we cannot get around.

Senator SPECTER. Several other?

Mr. AMBROSE. Several other, yes. Of course, those who live in under 100,000 population do not think much of that argument.

Senator SPECTER. Is there any alternative to going through Salt Lake City or some of the other cities?

Mr. AMBROSE. Of course, you could build a new railroad, at very considerable expense. But as I recall, to get from the Umatilla Depot to Tooele via some alternative route, the railroad line that would have to be built is 1,000 miles or more in length.

The acquisition of right-of-ways, the expense and time of such a thing, seem to be such a prohibitive undertaking that we simply did not include it.

Senator SPECTER. When you say communities of 100,000 do not think much of the limitation, I could understand that.

Mr. AMBROSE. Yes; so can I.

Senator SPECTER. How much objection have you had from communities of any size?

Mr. AMBROSE. Well, we have been assured by the Governors and attorneys general of several States that they will take us to court the minute we try to do any such thing. So I think that is the most definitive expression.

We have, of course, quite a bit of public comment in opposition to that as well.

THREATENED LITIGATION

Senator SPECTER. How many such assurances, if you call them assurances as opposed to threats, have you had for such litigation?

Mr. AMBROSE. I would—I think it is three or four that are virtually certain.

Senator SPECTER. Well, that could pose quite an additional delay factor as well.

Mr. AMBROSE. Yes; I am quite sure it can.

Senator SPECTER. Have you given any consideration to trying to get that litigation out of the way at an earlier stage, as opposed to waiting until they take you to court?

Mr. AMBROSE. I would appreciate any suggestion you might give us as to how we could accomplish that.

USE OF DECLARATORY JUDGMENT ACT

Senator SPECTER. Sure, I will give you a suggestion. File suit under the Declaratory Judgment Act. You have a plan to undertake certain conduct. You have attorneys general who have said to you, we are going to take you to court if, as, and when you try it.

You are under a tight timetable of 1994. This is 1987. Some cases take longer than 7 years in any event. I am not saying this one would, but I would say that you have a case and controversy in that kind of a context, and you ought to give consideration to getting that litigation behind you.

Mr. AMBROSE. Senator, I am not a lawyer and I would certainly not take any issue with what you have said. I have raised exactly that question by asking our lawyers, is there not some way we can consolidate these multiple prospective points and force it somewhere into the Federal system and get a single judgment?

And thus far I have not succeeded in driving them to a suit of that sort. But with your encouragement, I will go and lean on them again. I think that the——

Senator SPECTER. Well, you sound like a pretty good lawyer to me. [Laughter.]

I think you are right on track, and your instinct happens to be correct. There is now a procedure under Federal law for having litigation which exists in quite a number of courts consolidated into one lawsuit.

Mr. AMBROSE. We will try to make something of it. We have threats or at least strong representations that we will be sued if we leave this stuff in certain of these locations, sued if we do not leave it there. And so at some point it becomes an impossibility unless we can aggregate all of this and get a national problem.

We cannot move something out of one place to others without affecting other than the local jurisdiction that wants to move. So I hope you are right that there is some way.

Senator SPECTER. Well, you obviously have a very tough situation on meeting this date. I concur with what has been said by the others about the importance of meeting the 1994 date. We understand the problems you have, and they have been inquired into only to a slight extent here today.

But there is procedure for declaratory judgment when you have a matter of this sort, and there is procedure for consolidation. And if you get started now, I think you might get it done by 1994.

Mr. AMBROSE. We will take another crack at that. Thank you.

OUTSTANDING ENVIRONMENTAL CONCERNS

Senator SPECTER. One final question, Mr. Chairman. Are there any outstanding environmental concerns which may cause you additional delay?

Mr. AMBROSE. The delay that has taken place is in my view largely procedural, not substantive. The substantive information I believe is reasonably well known, but there are a lot of procedural traps that have caused us to want to take extra time, lest we wind up again in some litigation over defective procedure.

PREPARED STATEMENT

Senator SPECTER. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman. I would like my opening statement to appear in the record at the outset, if I may.

Senator SASSER. Your statement will appear in the record in its entirety, Senator Specter.

[The statement follows:]

STATEMENT OF HON. ARLEN SPECTER, U.S. SENATOR FROM PENNSYLVANIA

Today is my first hearing as ranking minority member of the Military Construction Subcommittee. I am pleased that I was given the opportunity to become a member of the subcommittee which has a distinguished membership on both sides of the aisle.

I look forward to working with the distinguished chairman, the senior Senator from Tennessee, Mr. Sasser, who had served for the past 6 years as ranking minority member, and who I know will provide excellent leadership in his new role as chairman.

I certainly share the chairman's concern over the program on disposal of chemical munitions about which we will receive testimony today. This issue is vitally important, and I know that this subcommittee will give it very careful consideration.

Mr. Chairman, again, I look forward to working with you as the 100th Congress begins its deliberations on the military construction programs in support of our national defense.

PROPELLANT AND STABILIZER STUDY

Senator SASSER. Mr. Ambrose, it would be appreciated if you and your colleagues would provide the subcommittee with a copy of the propellant study and stabilizer study, so that we can review that study more carefully. And we would also appreciate your providing for inclusion in the record at this point a copy of that study's executive summary.

And I would also request that you include in the record an information paper which outlines what additional steps are being taken by the Army to study the rate of deterioration of the stockpile, and this of course would be used to verify the previous study's conclusions.

Gentlemen, I think it is important that the American people understand the method of storage and the risk of continued storage of munitions if a decision is subsequently made to extend the deadline for destruction of the weapons. Could you tell us briefly here this morning the method employed by the Army to assure that the chemical munitions stockpile is safely stored, No. 1?

HANDLING LEAKING MUNITIONS

And how do you deal with munitions which have been found to be leaking?

Mr. AMBROSE. On the first point, Senator, may I suggest that we add to your request, which of course we will oblige, by filing with it a detailed account of the security provisions that are invoked and in use in these locations, rather than trying to recite it off the top of my head. I would appreciate that opportunity.

On those that leak, there is a very small number of them, and the leakage is rather slow and low level. We have a special portable appa-

ratus, transportable apparatus, which we move from site to site. And there at each of these sites, if there are leaking materials, munitions, they are done one at a time, a very elaborate process and a very expensive unit cost.

Until the transportable device arrives at a particular site, the leaking weapons are put in caskets, quite elaborate caskets, which just simply are impervious to further leakage, and held there in storage until this portable system comes around.

There are so few of them that there is a very small number—perhaps General Nydam knows the number—of leaking or suspected leaking munitions in storage in the whole country at any one time, I think just a very few. It is of the order of four or five, six, something like that. So there is not a large current problem in dealing with leakage.

Senator SASSER. Of the order of those that are leaking, four or five or six, you mean four or five or six different munitions individually or percent of total?

Mr. AMBROSE. Just individual rockets or individual something, total country, not in any one.

Senator SASSER. That would be a very small percentage of the overall munitions?

Mr. AMBROSE. I will confirm the exact number in a moment to you. But unless somebody in the back has the number, I will get it for the record.

[The information follows:]

PROPELLANT/STABILIZER STUDY

The executive summary for the M55 chemical rocket stockpile assessment is provided. Also provided are information papers on the Army actions to study the deterioration of the chemical stockpile and the security provisions used at chemical storage sites.

SUMMARY

The basic purpose of conducting the M55 Rocket Stockpile Assessment was to characterize the current condition of the rockets and to make trend predictions regarding deterioration. These rockets have been declared obsolete and have been designated for disposal. However, since the ammunition storage surveillance program for the M55 has been limited to in-storage visual and air sampling inspection, no assessment had been made as to their condition and safety with regard to continued storage, movement, or disposal. Therefore, to completely characterize current and future conditions, critical components of the rocket - fuze, burster, propellant, igniter, warhead/agent, shipping and firing tube, and associated metal parts - were analyzed during the assessment.

The Army Materiel Systems Analysis Activity (AMSAA) was tasked by the Deputy Chief of Staff for Chemical and Nuclear Matters, Army Materiel Command (AMC), to perform an independent evaluation and assessment of the M55 rocket stockpile. This evaluation was performed using data and information generated by various Army laboratories - Chemical Research and Development Center (CRDC) Armament Research and Development Center (ARDC), and Army Materials Technology Laboratory (AMTL), along with other sources. These laboratories were provided components from disassembled rockets as part of the M55 rocket stockpile assessment program, managed by the M55 Rocket Functional Task Group, HQ AMCCOM Rock Island Arsenal, IL.

The disassembly program consisted of randomly selecting rockets from the stockpile based on a prearranged sampling strategy. The rockets were disassembled on-site and the components, after decontamination, were transported to respective laboratories for analysis. Each laboratory performed standard tests on the components with the primary intention of estimating the amount of degradation the component had undergone after 20-25 years in storage.

During the evaluation, considerable effort was made to obtain historical data with regard to M55 rocket development, production and storage. Unfortunately, little information is available, particularly regarding the 25 year environmental history of the rocket in storage. As a result, the following findings and conclusions are based primarily on data derived during the assessment. The data generated during the assessment provide important insight into the present condition of the rocket components, establish a data point and provide guidance for continued investigation during the remaining years the rockets will be in storage until disposal operations can be initiated and completed. The tests and analysis conducted for this assessment were as complete and comprehensive as could be accomplished within the constraints of the program - safety, time and limited prior knowledge of the stockpile. In that this represents the initial investigation of the stockpile, available data for projecting storage life of the rockets are limited. As such, the projected storage life estimates presented in this assessment were developed based on the statistically adequate data developed during the assessment, inferences from those data that were statistically insufficient, experience and application of models. These estimates are presented as means to estimate the continued storability of the M55 rocket and should not be construed as being accurate predictions.

SIGNIFICANT FINDINGS AND CONCLUSIONS

The assessment of the M55 Rocket stockpile was performed through analysis of components disassembled from individual rockets selected from the stockpile. The results from the component analysis were used to provide information to address the following:

- o Identify those factors which may contribute to a catastrophic event and the likelihood of such an event.
- o Identify those other factors which may contribute to difficulty in handling and demilitarization activities.
- o Identify those areas for which available data are insufficient to assess.
- o Identify what efforts are being performed, planned or need further consideration to better characterize these areas.

Catastrophic Factors

This portion of the assessment is concerned with those M55 rocket components that could directly or indirectly cause detonation of a rocket which could result in significant property damage and/or with a high potential of catastrophic dissemination of the agent into the atmosphere.

Agent/component interactions, associated hazards, likelihood of occurrence and efforts being performed to characterize the interaction are included in the individual component discussions.

1. GB Agent Interaction with Warhead Metal Parts.

A. Findings

- o M55 GB rockets have had a history of developing agent leakage through the warhead (external leakers) into the shipping containers. This type of leakage is normally small vapor leaks which present a handling problem but not considered to be a catastrophic release of agent (agent is contained). External leakers are normally discovered through periodic surveillance of the stockpile using agent detectors, placed into special containers, removed from the storage igloo, stored in special facilities, and eventually demilitarized.
- o Due to safety considerations, the components selected for analysis were disassembled from non-leaking rockets only, with one exception. Warhead metal parts from some leaking rockets were decontaminated and submitted for metallurgical examination.
- o During disassembly, three GB rockets and one VX rocket, which had not been detected as external leakers, were found to be internal leakers.
  - Two GB rockets with PRO type agent were leaking in the rocket motor/warhead junction. It is estimated that up to 1.5 percent of the GB rockets could be leaking into the rocket motor area, with 95 percent confidence.
  - One GB rocket with PRO-RS type agent was leaking through the burster casing. It is estimated that up to 3.0 percent of the GB rocket burster casings could be leaking, with 95 percent confidence.
  - One VX rocket was leaking in the rocket/motor warhead junction.

It is estimated that up to 3.5 percent of the VX rockets could be leaking into the rocket motor area, with 95 percent confidence.

- Internal leakers are not detectable by nonintrusive methods.

B. Conclusion

o GB agent external leakers present no storage or handling catastrophic hazards; however, components exposed to agent as a result of internal leakage may be adversely affected by subsequent reactions which could impact the safety in continued storage and handling, as discussed in subsequent paragraphs.

2. M28 Propellant for the M55 Rocket Motor (GB and VX).

A. Findings

o The M28 propellant chemical formulation contains a stabilizer which keeps the propellant stable during storage. The original stabilizer content, at time of manufacture, ranged from 1.57 to 2.17 percent of total weight.

o Once total available stabilizer content degrades to below 0.20 percent, autoignition of the propellant could occur and the propellant must be destroyed.

o The results from current stabilizer assay are as follows:

- The lots stored at Johnston Island had an average stabilizer content of 1.63 percent (95 percent confidence interval of 1.60 to 1.66). These lots exhibited the largest stabilizer loss of all locations.

- Four lots stored at Pine Bluff produced in 1960 had low original stabilizer content (1.62) and the current assay average was 1.45 percent (95 percent confidence interval of 1.45 to 1.53).

- The remaining lot segments for all locations (except Johnston Island) were found to be homogeneous. The average stabilizer for these lots was 1.76 percent (95 percent confidence interval of 1.75 to 1.77).

o This assessment represents the first evaluation of the M28 propellant stockpile since production. Thus, there are insufficient data, at this time, to characterize stabilizer degradation trends over time.

- A worst case indication of remaining storage life was estimated by projecting the stabilizer loss for the lot showing the greatest stabilizer loss since production (0.58 percent). This projection revealed that this lot would reach the first decision point (increased surveillance) in approximately 25 years.

B. Conclusions

o The M28 propellant, overall, has exhibited minimal stabilizer loss after 20 to 25 years in storage, indicating an extensive remaining safe storage life.

o The future M55 rocket stockpile surveillance monitoring program, the current stockpiled propellant accelerated aging tests and the Master Sample aging profile should provide the necessary data to establish a degradation trend.

o There have not been any identified hazards associated with potential M28 propellant/GB agent interaction. Further research is being performed and programs are being considered to verify this finding.

3. M34 and M36 Bursters.

A. Findings

- o The vast majority of the M55 rocket stockpile contains bursters loaded with Comp B explosives and the remainder are loaded with Tetrytol explosives. The purpose of the burster is to explode the rockets and disseminate the agent.

- o Analysis of the Comp B and Tetrytol burster material indicates that the sensitivity and thermal characteristics have not degraded at any measureable level since production.

  - This finding is consistent with findings of the same burster materials loaded in other ammunition items, which have had an excellent safety record.

- o It has been found that GB agent/burster interaction could present a hazard.

  - Acids reacting with metals and aromatic nitrocompounds (such as TNT) produce a highly sensitive metal-organic compound.

  - These elements are potentially present in M55 GB agent rockets: A burster casing was found to be leaking upon disassembly, the RO-RS type GB agent has high acid content which reacts with the aluminum, the M34 burster is encased in a carbon-steel container, and both Comp B and Tetrytol contain TNT.

  - Based on an empirical analysis of the elements needed to produce the metal organic compound and the availability of these elements within the GB rockets, it was estimated that the reaction needs to be highly efficient to produce sufficient amounts of metal organic compound (gram quantity) to cause a reaction.

  - Efforts are continuing to better characterize the reaction over time.

B. Conclusions

- o For bursters that have not been exposed to GB agent, the results from the sensitivity and thermal analysis test indicate an extensive remaining life.

- o There is a potential adverse agent/burster interaction, however, unless the reactions are highly efficient, sufficient amounts of the metal organic compounds (gram quantity) to form and cause a reaction are not expected at this time. This reaction is also time dependent which indicates that the likelihood of the compound forming increases over time, although the likelihood remains small.

4. M62 Igniter Assembly.

A. Findings

- o The igniter assembly provides electrical impulse with an ignition compound to ignite the rocket motor.

- o Analysis of the M62 igniter components indicates that the assembly meets or exceeds the original specification safety requirements.

B. Conclusions

- o No adverse degradation trends have been identified, indicating extensive remaining safe storage life.

- Because of the igniter assembly location within the rocket (at the rear of the rocket motor), any agent interaction causing an accidental ignition is unlikely.

5. M417 Fuze Safety Characterization.

A. Findings

- The M417 fuze is designed to arm after rocket launch, and function upon striking the ground which results in dissemination of the agent.
- The fuzes disassembled from the rockets were submitted to a series of tests to ascertain its ability to survive rough handling, the adequacy of the designed safety features and any evidence of degradation.
- All fuzes submitted to drop and rough handling tests passed.
- Analysis of the fuze explosive detonation components revealed that the sensitivity and thermal characteristics of the components have not degraded.
- The design of the fuze Safe and Arming (S&A) device was determined to be inadequate when compared against current standards, which are more rigorous than those in effect when the M55 S&A device was designed and produced (accidental or autoignition of the fuze detonator could cause explosive propagation to the bursters).
- The S&A device is kept in the unarmed position by the compression strength of two springs. GB agent interaction with these springs could reduce the compression strength such that the fuze could become armed and function through a handling accident.
  - A study is being performed to better characterize this interaction.
- No hazards have been identified concerning agent interaction with the fuze explosive components. Further research is being performed to validate this finding.

B. Conclusions

- The fuze is considered to be safe for normal handling.
- Analysis of the fuze explosive components indicates an extensive remaining storage life.
- The fuze S&A device was found to be inadequate by today's standards, however, considering the favorable condition of the fuze explosive components, the fact that detonators of similar design are assembled in millions of other ammunition items and there have been no known incident associated with these detonators, an accidental or autoignition of the M417 fuze is unlikely.

6. Overall Conclusions for the Stockpile Catastrophic Factors.

- The results from this assessment indicate that the occurrence of a catastrophic event in the near future is highly unlikely, particularly for the uncontaminated portion of the stockpile.
- The potential hazards associated with agent/component interaction due to internal leakage increases the risks of continued storage slightly.
- Based on best available data, experience, and judgements concerning the likelihood of agent/components adverse interactions, it is estimated (conservatively) that the probability of a catastrophic event occurring due to the storage environment is between one in ten million (0.1×10^{-6}) and 1.1 in a million (1.1×10^{-6}).

- The range of these estimates was driven by a time deterioration factor of the agent/component interaction which was estimated for this assessment.

Handling and Demilitarization Factors

This portion of the assessment is concerned with those M55 rocket components that do not present any hazardous conditions during storage, but which may contribute to increased difficulty in handling and demilitarization activities. These findings also provide information that could influence future sampling and demilitarization decisions.

1. Effect of GB Agent Interaction with the Warhead Metal Parts.

A. Findings

o GB agent reacts with the aluminum metal parts causing corrosion, pitting and, eventually, leakers.

- Leaking rockets were first discovered in 1966.

- Data from periodic visual surveillance (with agent detectors) show that there is a direct correlation between leakers and type of GB agent filled into rockets, as shown below:

Type Agent	Percent of Stockpile Found to be Leaking
PRO	0.06
PRO-RS and RD-RS	0.60
RO-RS	4.80

o Leakers found during the periodic surveillance are external leakers, i.e., the agent leaks external to the rocket such that it can be seen or detected by the agent detector.

o After transporting the sampled rockets to the disassembly site during this assessment program, three GB rockets were found to be external leakers (2 rockets from one PRO lot, one rocket from a RD-RS lot). These rockets were not leaking externally prior to the movement. It is estimated that up to 1.8 percent of the rockets could develop leaks as a result of handling and movement, with 95 percent confidence.

B. Conclusion

o All rockets have the potential to become leakers while in storage or as a result of movement.

2. GB Agent and Metallurgical Examination.

A. Findings

o GB agent purity and its degradation by-products by agent type correlates to the historical leaker rates and the degree and severity of corrosion found in the metallurgical examinations.

o There appears to be a correlation between acid content and leakers.

o Acidity content by agent type is shown in the following table.

Agent Type	Acidity Level mg H+/100 g	95 Percent Confidence Interval
PRO	25.2	21.2 to 29.2
PRO-RS	29.2	15.6 to 42.8
RD-RS	22.2	9.5 to 34.9
RO-RS	61.8	43.7 to 79.8

- o Metal parts from all four agent tynes have shown extreme pitting depth and corrosion.

- o During the disassembly operation, three RO-RS type agent rockets (from two agent lots) were found to have gelled agent accompanied by higher internal pressure (agent spewed from the warhead during the drilling/agent removal operation).

  - The chemical characteristics of the gelled agent were approximately the same as that of ungelled agent.

  - The increased pressure associated with the gelled agent interacting with extremely corroded warhead walls may produce small liquid leaks, particularly during handling operations.

  - Information on gelled agent characteristics from other studies is being expanded to better characterize the M55 rocket gelled agent phenomenom.

B. Conclusion

- o Of the four GB agent types, rockets filled with RO-RS type agent have the greatest probability of leaking in storage. These rockets represent less than 3 percent of the stockpile. These rockets are candidates for priority in future demilitarization actions.

- o Rockets filled with PRO-RS or RO-RS type agent have a lesser probability of leaking. These rockets represent approximately 8 percent of the stockpile.

- o Rockets filled with PRO type agent should have the smallest percent of leakers while in storage. These rockets represent approximately 90 percent of the stockpile.

- o The reaction of the gelled agent to corroded warhead walls may increase the potential of creating small liquid leaks during handling operations.

3. Ability of the M441 Shipping and Firing Containers to Contain Agent.

A. Findings

- o Each M55 rocket is contained within a M441 shipping container. Containers were leak tested to ascertain their ability to contain agent leaking from the rockets.

- o M441 containers examined consisted of two types of container material; chopped and matted fiberglass.

  - Chopped fiberglass containers exhibited leakage through the container end caps and screw holes (19 percent of the containers exhibited leakage).

  - Matted fiberglass containers exhibited a greater degree of leakage through the end caps and screw holes (54 percent), and the fiberglass body was also porous (13 percent allowed seepage).

- o During analysis of the container material, evidence of PCB was found in the matted type.

  - The level of PCB, source and stockpile distribution is not known at this time.

  - Efforts are underway to determine the level of PCB using EPA standards and to determine its source.

  - The stockpile distribution can be better defined through the future stockpile surveillance monitoring program.

B. Conclusions

- o The M441 container leak test results indicate that the containers, in their current configuration, cannot be expected to contain agent.
  - For external leakers found in storage, current standard procedures require additional containment which provides the needed protection.
  - The potential of developing external leakage due to handling or movement presents an additional burden for future containment considerations.

4. Overall Conclusions - Handling and Demilitarization Factors.

- o The majority of the GB rocket stockpile appears to be in good condition at this time. However, the deterioration process will continue and indications are that the good rocket lot segments have the potential to become deteriorated.
- o GB rockets were first found to be leaking in 1966 and will continue to develop leakers as long as they remain in storage.
- o As long as these rockets remain in storage, found leakers will continue to be demilitarized, which is a time consuming process, and the stockpile needs to be continually monitored to assure that deterioriation is not escalating and to provide a basis for priority in final disposal.
- o Factors have been identified in this assessment that could increase the difficulty in future handling and disassembly activities which need to be considered to assure continued safe operation.
- o In addition, the M28 propellant, although currently has an extensive safe storage life, will continue to lose its available stabilizer and will eventually become unsafe for continued storage.

INFORMATION PAPER

16 Mar 87

SUBJECT: Army Unitary Toxic Chemical Munitions Stockpile Reliability Program

ISSUE: To provide information on the steps the Army is taking to ensure the reliability and safety of the chemical stockpile.

FACTS.

a. The chemical munitions stockpile reliability program is designed to:

- o Determine the current condition of the stockpile.
- o Detect unsatisfactory conditions/trends.
- o Detect leakers and potential leakers, and take corrective action (repair, replace, or containerize)
- o Develop recommendations for stockpile management (retain, renovate, or demilitarize).
- o Provide feedback for product improvement.

b. This is accomplished by the following:

- o Surveillance Inspections (consisting of visual inspections and air monitoring):

- Items are inspected periodically. The frequency of inspection and sample size is dependent upon item and its past reliability (in addition, most items receive a storage monitoring inspection every three months which includes monitoring of the storage site for low level contamination).

- In addition the environment of all chemical storage structures is inspected and monitored once every 7 months.

o Surveillance Program, Lethal Chemical Agents and Munitions (SUPLECAM)

- The purpose is to assure serviceability and safety for continued storage, transportation, handling and future demil.

- Consists of agent analysis, explosive component testing and metal parts reactivity analysis of entire chemical stockpile.

o Laboratory Tests (propellant stability levels, analysis of unknown conditions identified during surveillance inspections).

o Special programs such as the M55 rocket assessment.

- In depth study of entire M55 stockpile: analysis of metal parts, agents, explosive components, and propellant stability.

INFORMATION PAPER

16 Mar 87

SUBJECT: Chemical Storage Security System

ISSUE. To provide information on security requirements for storage of chemical material.

FACTS. Protection of chemical surety material requires:

a. Physical perimeter barriers.

- Chemical limited area (2 chainlink fences with 15 to 30 feet separation).

- Chemical exclusion area bounded by igloo walls or fenced open area within limited area.

- Walls of buildings may be incorporated into perimeter security system.

b. Security lighting.

c. Clear zones.

d. Entry control facilities.

- Security badge exchange.

- Controlled entry dates.

- Perimeter vehicle barriers.

e. Detection sensors.

- Intrusion Detection Systems (IDS).

f. Warning system.

- Entry point warning signals.

g. Perimeter defense positions.

PERCENTAGE OF OVERALL MUNITIONS

Note: The Under Secretary of the Army stated that there were four to six leakers in the chemical stockpile. He has subsequently been told that there are 996 leakers as of January 1987. Once any amount of agent is detected coming from a munition, that "leaking" munition is encased in an airtight casket and segregated from the other munitions. The 996 munitions have all been placed in these caskets. The Army is now developing a plan to reduce the number of leakers.

VARIOUS TYPES OF LEAKING

Senator SASSER. Now, Mr. Secretary, when you speak of leaking, what are we talking about? What is the definition of that, leaking? We are talking about the chemical itself leaking, propellant leaking? What type of leakage are we discussing?

Mr. AMBROSE. Anything that is above the limits of protection that are set by the instruments that are kept in these igloos. There are so-called bubblers. If they show signs of the presence of leaking nerve gas, a search is made of that igloo to find out which one it is coming from, and that one is separated from the rest and put in the casket.

Mr. AMBROSE. It may not be a leaking stream. In fact, I think there is almost none of that, but rather just a slow diffusion of gaseous material from the rocket into its surrounding case.

But the levels at which these are detected is very, very low relative to any hazard, even on the premises, much less to the community.

Senator STEVENS. Thank you, Mr. Secretary.

Senator Hatfield.

Senator HATFIELD. Thank you very much for permitting me to ask a few questions.

Senator SASSER. We are delighted to have you here today.

Senator HATFIELD. Mr. Secretary, it is a pleasure to welcome you to this hearing.

PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT

I would like to turn for a moment to a question that involves an interest in my State, and it relates to the draft programmatic environmental impact statement that has been issued for the Chemical Stockpile Disposal Program. I believe that report was made about July 1. I am not quite sure if the recommendations have been formally adopted.

But let me refer to that report. In that report it indicates that they make reference to what they call hazard distance from the disposal site, and they list, I believe, a 10 kilometer figure for mustard gas and a 20 kilometer figure for chemical weapon nerve agents.

Now, given the toxicity of such agents as VX and GB, can you guarantee that the hazard distance of the lethal plume that might be released during a major accident in the disposal process would be limited to 20 kilometers? What I am really getting at is, the metropolitan area of Portland is about 100 miles down the river from the Umatilla site, and I am concerned about what kind of description you would put to those hazard distances as to absolute protection under a major accident situation or limited protection.

How firm are those distances?

Mr. AMBROSE. Senator, if I may suggest the following. First, the estimates are considered to be very, very low probability happenings. There is no such thing as an absolute certainty in this business, any more than there is in most chemical or nuclear or other similar things to my knowledge.

I would like to put in front of you in the record an exact description of what that 10 or 20 kilometer distance is, how it is defined and what it is associated with. I will ask General Nydam in just a moment, or Dr. Barker, to add any comments that they care to.

But before doing that, I would like to go back to your implied question. The procedures under the EPA are that we issue a draft statement for public comment. That is the document that you referred to. Further procedure under the EPA is that that is called a programmatic environmental impact statement, which means what does the whole business look like, especially in a complex matter of this sort.

Beyond that, two things have to happen after the public hearings are closed. We have to take account of what was developed in those various hearings. There have also been congressional hearings and we intend to take account of that as well.

Those have led to the need for further explanations and analyses, and that of course is in progress. Once that is completed, we will issue a final environmental impact statement again for public comment. At the end of, I think it is, a 30-day period as a minimum, then the Secretary of the Army will make a final decision on the programmatic, primarily the question of whether the materials will be disposed of locally where they happen to be stored or transported elsewhere.

Succeeding that, there will have to be site specific surveys made to see if there is anything unusual about a particular site that would modify what we do, whether it be on that site or in transporting. That whole process is laid out in great detail in the law, not the Army law but general public law.

I do not know what the end total of that will be, but some time next year I would anticipate we will have completed all of that. So this draft is just that. It is an opportunity to expose to the public for their reactions what we know, what we have in mind, and get their comments. That is the basis on which the Umatilla Depot and others have been considered thus far.

General Nydam, do you want to comment?

RISK ASSESSMENT PROCESS

General NYDAM. Sir, the only thing I would add to that at this particular time is that as a result of the hearings that took place after the programmatic environmental impact statement was released in draft form, one of the things that became very clear to us is that we did not describe adequately and clearly the risk assessment process.

One of the additional studies that the Under Secretary has just referred to is an effort to answer the question that you just asked, to clarify exactly all of those figures and the method of computation and to put it into common language and understandable language for everybody to be able to understand.

Mr. AMBROSE. But the general thought behind the actual calculation—and we will get that for you—is that the maximum credible event, that is the maximum thing that we could envision reasonably happening, does not cause any public harm of any significant consequence.

I will have to get those words translated into numbers, but that is the idea behind it. So I think with respect to your question about Portland or a large-scale population exposure, the answer is it is extremely unlikely.

One of the things that happens to these materials when they get in the atmosphere is that they soon begin to degrade into ordinary substances, like carbon dioxide and water. And after some hours of exposure to sunlight and water, they are gone down to very, very low levels.

So I do not think it is at all realistic to consider a cloud traveling as far as Portland in anything we can visualize happening at Umatilla.

STABILIZING SAFETY FACTORS

Senator HATFIELD. Mr. Secretary, having sat on the energy authorizing committee for a number of years now, going back to some of the reviews on nuclear reactors and some of the safety features required under the reactors, except the one at Hanford because it did not have the requirements when it was set up, we found that in the safety factors involved in nuclear reactors, licensing of nuclear reactors and standards for nuclear reactors, that we got into a semantic problem, in that extremely unlikely, probably unlikely, and all sorts of words did not translate into actual safety measurements.

Now, I do not want to engage at this time in dialog with you because I think you have made it very clear these are not hard and fast figures that are used in this preliminary or this first draft impact statement. But I do want to say to you, at some point in time I think that the Army will have to have very exacting data on safety distances, where we could say Portland will not be threatened under any circumstance in this disposal program, because I do not think that the people of Portland or you yourself would want to take the risk of putting people into that danger on the basis of, well, it is not likely or it is extremely unlikely.

You want something, I know, more definitive than we have at this moment in this process. And I appreciate your outlining the process.

SAFETY SITUATION IN OREGON COUNTIES

This leads me to a second part of that report, it has a conclusion in which it says—by the way, the Umatilla Depot is situated in two counties in eastern Oregon, Umatilla County and Morrall County.

"Morrall County has very limited emergency response capabilities and relies on State and neighboring counties to provide emergency services."

Now, you may or may not know that Morrall County has a population of 7,500 people, very important people, every one of them.

Mr. AMBROSE. Senator, I have been there. I am quite familiar with them.

Senator HATFIELD. Well then, you would agree.

TECHNICAL RESPONSIBILITY FOR DAMAGE

Now, I would like to pinpoint, who has the accountability for the safety of those 7,500 in Morrall County? And if some accident occurred, God forbid, in the process that eventually may take place there, would the Army be liable for incurring damage to life or property?

Because it to me is a rather vague accountability by saying they depend for emergency capabilities on State and neighboring counties.

Mr. AMBROSE. Senator, that is not a question confined to the Umatilla area, if I may. It is a universal question. It was one of the shortcomings of the draft EIS, properly pointed out by the public, but also by me, frankly, to the Army.

The technical responsibility, I believe, lies at the moment with the local authorities and with some involvement of FEMA. Now, we have engaged FEMA in this activity because in common sense we consider that that is not right. We may well have to appear in front of you to ask for authority and at least contingent funding for the Army and FEMA to directly apply their resources and facilities and equipment, without having to go through some lengthy process of working out what is local and what is not.

Those matters are currently being studied and we do not intend to proceed there until we get some resolution of that, because we do not want such an accident, if there ever should be one, to result in confusion at that point as to who is in charge of what, where the moneys are coming from or the equipment or anything else.

But at the moment, the Army does not have the direct authority to intrude in local emergencies of that sort, although they would certainly do everything they could, use the National Guard and so on.

So we will come back to the Hill with the whole story on that, and it will involve FEMA as well as ourselves.

On the earlier matter, I do not want to hide behind or appear to be hiding behind those kinds of fuzzy words. You may not know it, but my background is that of a nuclear physicist. I participated in some of the earliest reactor programs, and worried about how you stated the odds of an airplane flying out of Bolling Field crashing into the Naval Research Laboratory reactor and so on.

There are some things we simply cannot state with exactness—earthquakes, tornadoes, airplane crashes. We will do the best we can to lay out the basis on which we do make the statement, including the basis to the limits of medical knowledge, which is unfortunately limited, as to what the effects on human beings are. And we will try to state conservative enough criteria of that sort that the people will be well safe from harm of the perceptible kind.

But of course, you get into arguments of carcinogenic sort, the pregnancy sort, where there is an imponderable about even one molecule of the stuff that is hard to answer. And we will tell you the methodologies as to how we assessed the possibilities of earthquakes or terrorists and so forth.

But it is not going to lead to some kind of an absolute mathematical certainty, unfortunately.

Senator HATFIELD. Mr. Chairman, I thank you for yielding for those questions.

I appreciate, Secretary Ambrose, your response, on the basis that it is obvious that you have deep concerns about these matters. And I am sure, like anything else, we are going to have to develop rings of possibilities of how the impact would occur on those rings, and whether it is 10 or 20 or 40 or 60 or possibly 100.

FEMA RESPONSIBILITY

And I would hope that that kind of detail would be available in your final draft. And I also want to say, it is an interesting point you make about FEMA having some responsibility, because at the current moment FEMA is withholding from Oregon and Washington any emergency funds because they have refused to participate in their nuclear war game.

But that is another issue. We will resolve that. I am sure we can resolve that when FEMA comes up for their budget, maybe before.

But I want to thank you, Mr. Secretary, for expressing your interest in these matters. And I am sure in that final report you will address them more precisely, as it will be a final report.

Mr. Chairman, I want to thank you again for your courtesy.

Mr. AMBROSE. Senator, could I add one other point? We have thousands of people, Federal employees, uniformed military people, on these bases. We have no intention of putting them in harm's way. They are all much closer than the nearest schoolhouse or the nearest city. We are going to worry from their point of view enough that I hope it will be persuasive that anyone who lives beyond that will be in less harm's way.

Senator HATFIELD. And very able representation you have in that leadership.

SUPPORT OF U.S. ARMY DEMILITARIZATION PROGRAM

Dr. BARKER. Could I comment? I think this recent dialog reinforces a statement that you made earlier that the country is very lucky to have the U.S. Army as the executive agent for the demilitarization of these rounds.

We need to remember that the threat to our civilian populations and military population from unitary chemical rounds will remain until the last round is destroyed, and that is what this program is about. While the risk is very, very low in maintaining these rounds in storage, it is not zero.

We are spending $65 million a year to maintain them in this state. The Secretary of the Army has indicated that he will not do anything that he is not personally convinced is safe concerning the destruction of these rounds.

The Defense Department wants to join the Congress in a procedure which will ensure the prompt destruction of these rounds, of these unitary munitions, in a safe and prudent manner. We look forward to working with the Congress in establishing and seeking funds so that process can proceed.

Senator SASSER. Gentlemen, I want to thank Senator Hatfield for coming here this morning. He is always welcome at this subcommittee. He is an ex officio member of the subcommittee and we appreciate his joining us this morning.

TRANSPORTATION OF MUNITIONS

Mr. Secretary, before we let you go, I would be remiss if I failed again to indicate my concern with the potential transportation of these munitions. My own view is that public safety is better served if these lethal munitions are kept off of the public transportation arteries. And I, for my part, think the Army chose very wisely when you determined that the wisest course of action is on-site destruction and not putting these weapons on the public transportation facilities and taking them through various areas of the country.

One of the problems I think we have to be concerned with in transporting these chemical weapons is the possibility of some sort of terrorist action. There is no ironclad guarantee that terrorists cannot penetrate these munitions when they are being transported.

We have, I think, seen how these munitions could be penetrated through studies done by the Department of the Army, and I think it is a much safer proposition all the way around to dispose of these munitions on site, rather than trying to transport them to a subsequent disposal site.

I might ask at this point if you could provide a written analysis of the risks that are associated with the transportation of these munitions to regional sites or to a national site. And if portions of this response must be kept classified, we will provide a repository in the subcommittee safe for these classified documents.

Gentlemen, I thank you very much for appearing here this morning. Mr. Secretary, we thank you for your usual candid and forthright responses to our questions.

And I am informed, or was informed some time ago, that Senator Garn was on his way over here. Apparently he has been detained, so we will keep the record open for his statement and for his questions, which you gentlemen may respond to in writing for the record.

MUNITIONS TRANSPORTATION PROBLEMS

Mr. AMBROSE. Senator Sasser, we too thank you for this opportunity. As I think we were all saying, we need to have these exchanges and questions and answers, and as much public light shed on this as we can.

On your request for the transportation aspect of this, I would respond that we have a draft EIS section that deals with that. That was found to be lacking in the details that underlay the calculations in the statement. It was particularly deficient in the details of the things that Senator Hatfield was just talking about: How are we going to support communities, how do we protect these train routes, and so forth.

That work is being performed in intensive studies by a number of contractors and the Army. It is not immediately available in the form that you ask. It is intended to be the content or a primary part of the revised content of the final EIS, which will be available in the fall.

I do not see how we can produce an intermediate product that is likely to be satisfying. I would ask if you would accept the information that is available, any staff or direct dialog you may wish as to where we stand at present, and wait for the final report for the submission you are asking for.

Senator SASSER. That will be satisfactory, Mr. Secretary. We will take whatever information you do have. I am sure the subcommittee staff will be in touch with your staff.

Mr. AMBROSE. We will be glad to accommodate you.

Senator SASSER. Thank you very much. We appreciate your being here this morning.

GENERAL ACCOUNTING OFFICE

STATEMENT OF THOMAS J. BREW, ASSOCIATE DIRECTOR, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION

ACCOMPANIED BY:
JOHN KUYKENDALL
EILEEN LARENCE

INTRODUCTION OF ASSOCIATES

Senator SASSER. Our next witness this morning will be Mr. Thomas J. Brew, who will bring us testimony from the General Accounting Office. Mr. Brew is the Associate Director of the Army subdivision of the General Accounting Office's National Security and International Affairs Division.

I might say that Mr. Brew is well known to the subcommittee, having provided us with a very important report last year on family housing requirements associated with accompanied tours in Korea.

Now, Mr. Brew and his team of GAO specialists have been working on a study of the Chemical Munitions Destruction Program since last August, at the request of the House Armed Services Committee.

Mr. Brew, I am pleased that you could appear here this morning. I would ask you to introduce your colleagues, and I would admonish you, sir, that time is fleeting. We are letting it get away from us. So if you could summarize your testimony as much as possible this morning, we would be in your debt.

Mr. BREW. Thank you very much, Mr. Chairman.

With me this morning are John Kuykendall and Eileen Larence, who worked specifically on this assignment for the last several months.

I did intend to summarize my statement. I appreciate the offer.

AREAS IN ARMY'S DRAFT EIS

In August we were asked to review issues relating to the Army's draft environmental impact statement. Specifically, we were asked questions related to four areas. Those were the Army's risk assessment, its cost estimates, current and potential disposal technologies, and whether the Army will be able to meet the 1994 disposal deadline.

DRAFT RISK ASSESSMENT

We will now briefly highlight the results of these four areas. Regarding the draft risk assessment, we found that some analytical weaknesses exist due to incomplete analyses, limitations in research data and actual data collected on the effects of the chemical agents, and some analytical

uncertainties which necessarily exist due to shortcomings in modeling techniques.

The Army has informed us that where their analyses were incomplete in the draft statement, the final statement will reflect a more thorough analysis. The final statement is scheduled to be issued in December of this year.

We understand that in many areas, such as long-term effects on human health, little is known about the effects of the chemical agents, and that forecasting potential accidents and resulting impacts requires the use of models which are analytically limited.

However, one of the primary purposes, as you have heard this morning, of an environmental impact statement is to inform the public. We do not believe that the Army in its presentation of risk assessment highlighted the necessary analytical shortcomings to enable the reader to fully understand that the assessment presented was limited in its accuracy.

We expect the Army will be more clear in its presentation in the final environmental statement.

COST DATA REVIEW

Now I would like to briefly discuss our review of the cost data presented by the Army. The costs presented for the three active options were all close to $2 billion. We found that the two options requiring transportation were understated because costs such as those to upgrade railroad track beds were not included. In addition, any costs to be incurred for emergency response preparation along the rail lines were not estimated.

JOHNSTON ISLAND PROJECT

The Army has recently used actual costs collected from the Johnston Island project to update their estimates. They have found that the original estimates were significantly lower than the actual costs for equipment and for equipment installation. They plan to continue updating all estimates as actual data becomes available.

As I mentioned, we were also asked to examine the methods of disposal being considered by the Army. Specifically, we were asked whether the baseline technologies scheduled for use at Johnston Island would be capable of handling the planned disposal production rates.

BASELINE TECHNOLOGY

Very briefly, as you have heard this morning, the baseline technology requires the draining of the chemical agents and, in the case of rockets or projectiles, dismantling of the weapon. The explosive parts and agents are then burned in four separate furnaces.

The baseline technology has been tested at Toole Army Depot. A facility there built and tested to simulate operations of Johnston Island has to date successfully shown that the estimated required production rates for equipment can be obtained.

CRYOFRACTURE TECHNIQUE

While the Johnston design was being developed and tested, the Army continued to search for another technology which could be less costly and/or safer. It contracted for the feasibility testing of what is called the cryofracture technique. Cryofracture requires the use of liquid nitrogen to freeze projectiles and, following the freezing, the projectile is crushed using a hydraulic press. All of the remains are then placed in a kiln and burned.

This process has not been fully tested, but the current contract calls for the design of a production scale system. To date, cost estimates for cryofracture have shown it would be more expensive and, more importantly, no risk assessments have been completed to quantitatively compare the safety of the two methods.

I believe we should also mention that contractor personnel told us that the primary benefits of cryofracture are most readily achieved when projectiles are processed through the cryofracture process. That is, cryofracture may not be as useful for the other munitions, such as rockets and bulk agent, as it is for projectiles.

Current Army plans call for a group of independent experts to develop evaluation criteria for selecting the technology for use in destruction. This group will review the technical data related to cryofracture and will first make a recommendation as to whether or not a cryofracture test facility should be built.

1994 DISPOSAL DEADLINE

Finally, Mr. Chairman, we were asked to comment on whether or not the Army will be able to achieve the 1994 disposal deadline. A few potential obstacles already exist. Some of those you have heard about this morning.

First, the Army has filed applications to receive the necessary environmental permits from the eight States concerned. The permitting process generally takes 18 to 24 months. The Army has asked for expeditious treatment of their applications in an attempt to receive permits in 16 months.

One State has already responded by saying they cannot expedite the permit due to staffing limitations. Two other States have said they would prefer the Army conduct site specific environmental assessments before permits are granted.

The Army does not plan to do, as they said this morning, site-specific assessments until after they reach their final decision. As a result, the permitting process could negatively impact the Army's ability to achieve the 1994 deadline.

Another potential obstacle stems from changes being made to the environmental impact statement. If the statement reflects significant changes in the impact analysis, the Army may have to issue another draft statement for public comment, a process that could further delay disposal by at least 90 days.

Mr. Chairman, because of these potential obstacles, we briefly reviewed the risk of continued storage of the munitions. As you mentioned earlier, in 1985 the Army conducted tests of the M–55 rockets to determine the degree to which the rockets have lost propellant stabilizer. The rockets are thought to be the most volatile aspect of the storage program.

Following the 1985 study, the Army concluded that the rockets had another 25 years of expected life and that they posed no immediate storage hazard. The Army is currently conducting additional tests to confirm these results. Their current study is expected to be released in the summer of 1987.

Mr. Chairman, a great deal of study has gone into determining the safest way to dispose of these munitions. Additional studies and analyses will not eliminate all of the shortcomings which exist in the draft impact statement. A number of those weaknesses are, as we have pointed out, inevitable.

The Department of Health and Human Services' Center for Environmental Health complimented the Army on its health effects analysis and suggested that the Army should not postpone disposal to fill the existing data gaps. The final environmental impact statement currently being prepared will correct some weaknesses and should more explicitly identify those areas where weaknesses cannot be corrected.

This concludes my statement. We would be glad to respond to your questions.

[The statement follows:]

United States General Accounting Office

GAO Testimony

Statement of
Thomas J. Brew, Associate Director
National Security and International Affairs Division

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before the Subcommittee to discuss the Army's chemical munitions stockpile disposal program.

Public Law 99-145 directs the Secretary of Defense to carry out the destruction of the United States stockpile of lethal chemical agents and munitions by September 30, 1994. The law specifically directs that a plan be developed defining the safest and most effective means of disposing of the stockpile. The Army provided such a report to the Congress in March 1986 which spelled out implemenation plans for the following three possible alternatives: (1) on-site disposal at each of the eight existing continental U.S. storage locations; (2) transportation to two regional disposal centers; and (3) transportation to a national disposal center in the continental U.S. (Because the National Environmental Policy Act requires that agencies consider no action as an alternative, the Army added continued storage as a fourth alternative.)

The National Environmental Policy Act also requires agencies

to develop an environmental impact statement when making major program decisions. The statement must discuss significant environmental impacts and inform decisionmakers and the public of reasonable alternatives to avoid or minimize adverse impacts. The Army's draft impact statement, issued in July 1986, analyzed the four alternatives. The statement also presented the Army's preferred alternative for disposal which was to build disposal centers at the eight storage locations.

The Army plans to issue a final environmental impact statement in December 1987 and will, at least 30 days subsequent to the final statement, decide its method of disposal.

At the request of the Chairman, Subcommittee on Investigations, House Committee on Armed Services, we reviewed issues related to the draft environmental statement. Specifically, we were asked to determine: (1) whether the supporting documentation fully addressed all aspects of risk assessment; (2) whether the cost data were fully supportable and reasonable; (3) whether the current incineration technology has full-scale production capabilities; (4) whether the Army is seriously considering other destruction technologies; and (5) whether the Army will be able to meet the mandated 1994 destruction deadline.

RISK ASSESSMENT

The Army's draft statement describes the overall disposal program, the munitions in general, the four alternatives and their associated risks. To determine the risks and potential effects of each alternative, the Army created generic or common communities and environmental settings and used these to assess the potential impacts of normal operations and accidental agent releases on humans, the environment, and local economic and social conditions. The assessment of accidental agent releases included both worst case and most likely accident scenarios. The Army also compared the common communities and environments to the eight storage sites and noted any variances. The Army plans to do additional site-specific studies after deciding on a final disposal option.

In assessing the risk, the Army relied on various hazard and risk analyses which had been conducted for disposing of M55 rockets containing nerve agents GB and VX. An Army contractor integrated these analyses of accidents and their probabilities along with qualitative estimates of risk for other chemical munitions in the stockpile. To define accident consequences, Army contractors provided preliminary estimates of the amount of agent released and, using atmospheric modeling techniques, the distance downwind released agents would travel. Finally, the Army used this information to estimate potential human health and environmental effects for the alternatives.

Using input from Army staff, contractors, other agency experts, public comments, and congressional hearings, we identified areas in the draft statement where: (1) the Army's analysis was incomplete; (2) uncertainties affected the impact analysis; and (3) limitations in the supporting data bases and available research restricted determination of program effects.

Incomplete Analysis

We identified four areas of the draft statement where risk assessment was incomplete. These areas were also identified by the Army and plans are underway for improvements in the final environmental statement. First, we found that hazard and risk analyses included calculated accident probabilities for M55 rockets only. The Army did not have similar analyses for other types of stored munitions and relied on a qualitative assessment of the risk probabilities. In conducting a more detailed risk analysis subsequent to those in the draft statement, Army contractors have analyzed more than 460 additional accidents.

Second, because the rail transportation plans were not fully defined, analysts said some potential accident scenarios for the regional and national disposal options were not identified. As a result, the risk and potential impacts associated with transportation were not included in the comparison of disposal alternatives. Some of the public comments received by the Army on

the draft also noted that alternative methods of transporting munitions were not adequately assessed. Army contractors are now developing rail, air, and barge transportation plans and are convening a panel of experts to evaluate the plans.

Third, emergency response was defined as a socioeconomic issue but its impact was not fully assessed. The Army has recognized that emergency response could significantly impact local resources. An Army contractor and agency officials suggested that the magnitude of emergency response activities could affect the selection of the disposal alternative. For example, emergency response under the regional or national alternative could be very costly if all communities along the transportation route have to have a response plan. A contractor is now developing an emergency response concept plan for the Army.

Fourth, the Army's air monitoring technology and its limitations were not described in the draft environmental statement. The Army is exploring other technologies to improve response time. The Army has also requested that the National Institute for Occupational Safety and Health evaluate the current monitoring technologies and alternative methods for the program, and plans to expand the monitoring section of the final statement.

Uncertainties Limit The Analyses

The draft statement contains analytical uncertainties which affect the accuracy of fatality estimates and the determination of health and environmental impacts. The Army relied on an atmospheric dispersion model, D2PC, to estimate how far chemical agents might accidentally travel and reach the public and environment. Thus, the model results are a major component of the risk assessment. In describing the model's assumptions and logic, analysts acknowledged its limitations and uncertainties in predicting the downwind distance of an agent cloud released during an accident. Others knowledgeable in the field also noted these shortcomings but generally agreed that the D2PC model was the most appropriate dispersion model for this program. Nevertheless,

because analysts used these travel distances to quantify expected fatalities in the statement, we believe the shortcomings of the model and its limitations on determining program effects should be highlighted in the final environmental impact statement.

Data Limitations

Limited available data affected risk assessment results. Analysts had limited actual and research data to determine either the lethal or long-term effects of accidental releases on humans. Actual human toxicity data was based on primarily World War II exposures of young, healthy adult males and may not reflect effects on other segments of the general population. Researchers also had to infer potential human health effects from data on the effects to animals. Analysts said because of limited data, they could not determine various long-term effects, such as cancer or reproductive problems, or quantify non-lethal effects.

Researchers said they could describe but not quantify potential environmental effects on animal, plant, and marine life and surface waters. For example, in their attempt to determine impacts on wildlife, analysts extrapolated data from domestic animal exposures. Also, little data exists to determine effects on plant life, or how mustard agent behaves in water.

A third area where researchers said they could describe but not quantify the effects of the disposal program was the socioeconomic impacts on communities. Analysts said limited research from similar programs, such as nuclear power plants, did not show a causal link between programs and changes in communities' economy, but did indicate potential effects on their quality of life.

Finally, while the draft environmental statement acknowledged sabotage and terrorism as program risks, Army and contractor staff stated no data base exists to calculate legally defensible probabilities of such events. Thus, the Army's risk assessment does not include the risk of sabotage or terrorism.

COST ESTIMATES

The Army has estimated the total costs for the chemical munitions disposal program at about $2 billion regardless of whether the on-site, regional, or national alternative is selected. Although the estimates are close in total, specific cost elements such as those for construction, equipment, and transportation--vary among the alternatives. For example, while the on-site alternative requires more buildings and more equipment than the regional and national alternatives, the regional and national alternatives require transportation of the chemical munitions inventories to the disposal sites which is not necessary for the on-site alternative.

Our analysis indicated that the cost estimates were generally supportable and reasonable except in the following areas.

The transportation cost estimates are understated because the estimates do not include some substantial considerations such as (1) emergency response for communities along the rail transportation routes, and (2) upgrade or repair of railroad lines as necessary.

The other area where we identified a potential variance from the Army's cost estimates is for procuring and installing equipment. To estimate the costs, the Army used design data from Johnston Atoll where a disposal center is currently under construction and engineering estimates with adjustments for sites in the U.S. The Army has recently used actual costs collected from the Johnston Atoll project to update their estimates. They have found that their original estimates were lower than actual costs for equipment by $11.7 million and equipment installation by $3.9 million. They plan to continue updating all estimates as actual data become available.

DISPOSAL TECHNOLOGIES

At present the Army is primarily considering two disposal technologies. The most fully developed and tested is what is commonly referred to as the baseline technology. The second technology, cryofracture, is being explored by an Army contractor

and has not been operationally tested.

The baseline technology was developed at the Chemical Agent Munitions Disposal System or CAMDS facility, located at Tooele Army Depot, Utah. Since 1979, Tooele has destroyed 19,000 projectiles without explosives and nearly 18,000 M55 rockets, both containing GB nerve agent. The CAMDS facility was designed for developing and testing disposal technology and equipment.

At CAMDS, explosive and agent are removed from the projectile and mortar rounds by disassembling the parts and draining the agent from projectiles without explosives. The M55 rockets are dismantled using a rocket shear machine which first drains the agent and then cuts the rockets to expose the explosive. After removal, CAMDS disposes of the explosive and the agent and decontaminates the munitions bodies by using four specialized furnaces.

The CAMDS process, equipment and furnaces were the bases for the Johnston Atoll Chemical Agent Disposal System design. The Johnston facility is currently under construction and will be the first to go into operation. The CAMDS facility has only served as a test facility and has not operated on a full-scale production basis. CAMDS has been used to simulate production at Johnston to determine whether or not planned production rates can be achieved. Although the CAMDS simulation has not duplicated the Johnston facility, the Army has concluded that the planned production rates of the equipment can be achieved.

Cryofracture Technique

While the Johnston Atoll facility design was being developed the Army continued to search for improved technologies that would reduce the cost and/or increase the safety of the disposal program. After considerable research the Army awarded a contract to test the scientific and engineering feasibility of a technology called cryofracture. This technology generally involves freezing the thick walled projectiles in a nitrogen bath to the point of zero ductility, after which the projectiles are crushed in a large

hydraulic press. The frozen particles, including explosive, agent and metal parts are incinerated in a single furnace. The furnace selected for the thermal aspects of the cryofracture process was a rotary kiln.

As of November 1986, the mechanical process of the cryofracture technology had been tested quite extensively on projectiles and mortar rounds without explosive or agent. While some preliminary testing on rockets and mines had been carried out, the equipment had not yet been adapted to these munitions nor to bulk items.

Some testing of the thermal aspects of cryofracture has been conducted using a kiln installed at CAMDS. Items fed into the kiln were not randomly crushed as would result from the press, but were hand prepared mixtures simulating the contents of various munitions.

The present contract for cryofracture includes the design of a production scale cryofracture system known as MOD 1, which may be constructed at Tooele Army Depot. The design of MOD 1 is due to be completed in early 1988. Engineering experts we contacted generally expressed the opinion that given time for development, the cryofracture technology could be applied. Several experts pointed out, however, that it is a new technology and has more knowledge-gaps than the technology which will be applied at Johnston Atoll.

We were informed by contractor personnel that the primary benefits of cryofracture are most readily achieved when processing projectiles. In fact, one engineer stated that the cryofracture process offers little or no advantages when used on other munitions and it would not be practical for use at locations with all bulk agent.

The Army plans to have an independent committee of experts develop the evaluation criteria for selecting the technology for use in destruction of the continental U.S. stockpile. The

committee will review all technical data and will first make a recommendation on whether the MOD 1 facility should be constructed. If MOD 1 is built, the committee will develop or approve a test program for MOD 1 and for the Johnston Atoll Chemical Agent Disposal System and will monitor the testing. Upon completion of the testing the committee will evaluate the test results and will recommend a technology for use in destruction of the stockpile.

Currently, cryofracture has not proven to be a less expensive or safer technology than the baseline technique. Cost estimates show that cryofracture would be significantly more expensive and, more importantly, no risk assessments have been completed to quantitatively compare the safety of the two methods.

IS 1994 ACHIEVABLE?

The Army is currently facing some obstacles to achieving the September 1994 deadline for disposal of the chemical munitions stockpile. According to Army staff, efforts are underway to obtain the environmental permits necessary for construction of the facilities. The Army has applied for permits in each of the states where the munitions are stored and has asked that the normal 18 to 24 month approval process be expedited to 16 months. Applications were submitted to all eight states even though the Army has not decided whether disposal facilities will be built at all eight locations, two locations or one.

In late January 1987, Army staff informed us that they could meet the environmental permitting process and begin construction in fiscal year 1988. However, one of the eight states has responded by stating it cannot expedite the permitting process and the normal permitting time of 18 to 24 months will prevail. Two other states, Maryland and Kentucky, have said they prefer waiting for the Army's site-specific environmental assessments before taking final action on permitting. The Army does not plan to do site-specific assessments until after filing its final decision in January 1988. If these two states do not act on the Army's permit application

until 1988, it is questionable whether construction can start on schedule.

The Army's schedule for issuing the final environmental impact statement originally called for it to be issued in December 1986. That date has slipped one year to December 1987. In addition, according to Army staff, the improvements being made in the environmental impact statement could significantly change the impacts analysis and program alternatives could vary from the draft statement. If this occurs, the Army may have to prepare another draft and allow another 45 day public comment period. This would extend issuing the final statement another three months. The decision regarding the need for a second draft statement will, according to the Army, be made in consultation with the President's Council on Environmental Quality.

Continued Storage

If the 1994 deadline for disposal of the chemical munitions stockpile is extended the stockpile would remain in storage. According to Army staff, in 1985, the Army's Armament, Munitions, and Chemical Command undertook a test of the M55 rocket propellant. The rockets are thought to be the most volatile aspect of the storage program. Every rocket lot was sampled to determine the loss of propellant stabilizer. Originally the rocket propellant included 2 percent stabilizer. The Army's criterion for an unacceptable stabilizer level is .2 percent. Results of the 1985 study showed the worst test case had a 1.31 percent and the Army concluded the rockets had another 25 years of expected life and posed no known storage hazard.

Some Army staff were concerned that the Army had only one test program to assess the stabilizer's degradation. Consequently, the Army has tasked its armament command with testing the propellant every two years. The Army is currently conducting its second test of the propellant stabilizer. Army staff predict the samples will all be taken by June 1987 and analyses will be completed by July.

Mr. Chairman, the Army obviously is facing a very difficult task. A great deal of study has gone into the safest way to dispose of these munitions. In preparing its environmental impact statement the Army used information which was limited in applicability due to incomplete data sources or modeling constraints. We have discussed some of those weaknesses here. Additional studies and analyses will probably not eliminate all these shortcomings. For example, a hazard and risk analysis will have uncertainties regardless of its completeness. The Department of Health and Human Services, Center for Environmental Health, complemented the Army's health effects analysis and suggested that the Army should not postpone disposal in order to fill the existing gaps in its analyses.

We believe that in preparing the Draft Environmental Impact Statement, the Army could have more explicitly pointed out the data and methodology weaknesses and their impact when comparing alternatives. According to the Army, the final environmental statement currently being prepared will correct some of the analytical weaknesses and should more explicitly address those areas where weaknesses cannot be corrected.

Mr. Chairman this concludes my statement. We will be glad to respond to your questions.

CONTINUED STORAGE OF MUNITIONS

Senator SASSER. Thank you very much, Mr. Brew, for a very comprehensive statement. I think the General Accounting Office has made an important contribution in this whole issue here.

Now, in your statement you mention the potential of continued storage of the munitions as an alternative at the present time to disposal. Do you believe the Army is considering this as an alternative to destruction by 1994? And does the General Accounting Office consider this to be a viable alternative, that is to store the munitions beyond the 1994 deadline, before moving on with destruction of them?

Mr. BREW. The National Environmental Policy Act requires that no action or, in this case, continued storage, be considered as an alternative when a draft environmental impact statement is prepared. We found that the Army seriously consider continued storage in terms of looking at some of the strengths and weaknesses of that alternative.

As far as the General Accounting Office's position, as I mentioned, we examined continued storage to see how much risk there is in continuing to store the weapons. We believe that the additional 25 years of safe storage should be considered as an important factor in the total disposal program and in the decisions to be made.

TRANSPORTATION OF MUNITIONS

Senator SASSER. Does the General Accounting Office have a cost estimate for transporting these munitions to a national site or, in the alternative, to regional sites? And if you do have such a cost estimate, would you share that data with us and perhaps expand on it for the record?

Mr. BREW. We reviewed the Army's cost estimates that were prepared quite early and we found those estimates did not include some very important factors, such as the improvements that would have to be made to minimize the risk of transporting along rail lines.

Senator SASSER. Improving road bed and tracks?

Mr. BREW. Exactly.

Senator SASSER. That is going to be a very expensive proposition in many areas of this country.

Mr. BREW. Yes; we would expect that it could be. We do not have any estimates of that cost.

We also looked at whether or not the Army seriously considered or obtained cost estimates for barge or air movement of these munitions.

Senator SASSER. Barge or air movement?

Mr. BREW. Yes; as potential transportation methods, because the barge method especially has been discussed. But, we did not find an estimate for the cost of either method.

Senator SASSER. Now, you indicate that the cryofracture technology is a better technology for chemical projectiles, but not for bulk agents. Expand on this judgment for us somewhat, will you, please?

Mr. BREW. I will briefly try to address that, and Mr. Kuykendall can address it in greater detail. The cryofracture method, the freezing, is dependent upon the skin of the item that is being frozen. For example, the projectiles are very thick-skinned and the skin becomes very fragile, very brittle when frozen.

The M–55 rockets are made of aluminum and aluminum does not become as brittle. It instead——

Senator SASSER. It does not become as brittle?

Mr. BREW. No; instead, it just becomes harder when it is frozen.

The problem with bulk agent is that bulk agent is stored in very large containers, and the agent, of course, is the majority of the container. The agent would have to be drained and then the container would have to be cut into pieces.

So it just does not lend itself, according to the people that we spoke with.

Senator SASSER. Thank you very much for appearing here this morning and giving us the benefit of your views. And there may be additional questions which we would like to submit for the record, and we will keep the record open 15 days for the purpose of additional questions.

Mr. BREW. Thank you.

NONDEPARTMENTAL WITNESSES

ATTORNEY GENERAL, STATE OF KENTUCKY

STATEMENT OF HON. DAVID L. ARMSTRONG, ATTORNEY GENERAL OF KENTUCKY

OPPOSITION TO INCINERATION PLAN

Senator SASSER. The subcommittee had a number of requests from outside witnesses to testify here this morning. I think it is now this afternoon. We have attempted to accommodate all of these witnesses to the maximum extent possible. But given the limited amount of time we have available to us this morning or this afternoon, I hope that the testimony of the outside witnesses can be held to no more than 10 minutes.

Our first witness this afternoon—he will be the first witness of this afternoon; it is 12:02—is the Honorable David L. Armstrong, the attorney general of the Commonwealth of Kentucky.

General Armstrong, we welcome you here this afternoon before the committee and look forward to getting your views and hearing your testimony.

Mr. ARMSTRONG. Thank you very much, Mr. Chairman. I would like to express my deep gratitude and appreciation for your allowing me this opportunity to appear before your subcommittee today, and also thank you on behalf of the citizens of our State for your leadership in this most vital and important area to all of us.

As the attorney general, I serve as the chief law enforcement officer for the Commonwealth of Kentucky, and one of the main concerns that we have in our State is the environmental concern for the problem of the disposal of chemical munitions that are currently stored at the Bluegrass Army Depot in Lexington and Richmond, KY.

First, I believe, Mr. Chairman, your remarks that were printed and given in the Congressional Record of January 22 of this year captured very well what has been, I believe, the unfortunate theme of this entire affair through this project.

And that has been a theme of an unmitigated rush to an incineration plan for which the Army is not adequately prepared, and I say not adequately prepared, Mr. Chairman, in terms of technology and compliance with State and Federal environmental requirements, evaluation of public health and safety risks, and with—and this is important—the candor with the affected local communities that it has dealt with.

SUGGESTED LIFTING OF 1994 DEADLINE

Undoubtedly, this haste, which has driven the Army to make decisions as they have to this point, is due to Public Law 99–145, which has mandated a 1994 deadline. And we think clearly that this deadline should be lifted, Mr. Chairman.

This is simply not the type of project that can be rushed if we are going to consider the safety and risk factors to the people. This undue haste at this point has manifested itself in all areas that I have just mentioned. As I am sure you will hear from other witnesses, there has not been an adequate study of the technological alternatives available in this project, whether those alternatives be in the area of storage or transportation.

TRANSPORTATION RECOMMENDATIONS

For example, the consideration of total or partial air transportation of the munitions is barely afforded lip service in the Army's draft environmental impact statement. If there are reasons why this transportation mode should be ruled out, as it has thus far, the people in the populated areas where these chemicals may be burned or transported through deserve, I believe, Mr. Chairman, a full explanation.

The people of our State would like to know why the Armed Forces can safely have aircraft armed with nuclear weapons constantly airborne, while the Army assumes that a one-time transportation of chemical munitions would not be accomplished safely.

Generally, one would argue that air safety is far superior to rail safety or road safety as a means of transportation. This transportation alternative merits a fully developed operational plan for comparison with other modes of transportation.

We suspect instead that the Army's rush to meet this deadline has never given this option serious consideration. Similar considerations of storage and the treatment of alternatives which will probably be addressed by other witnesses have also been ignored.

The haste created by the 1994 deadline has also in our view resulted in a flawed record by the Army in complying with the letter and the spirit of the environmental laws of both the State and Federal levels. One example of the shortcomings was the Army's original decision to forego site specific environmental impact statements for this project, a decision which was modified after a citizen outcry and the assistance of Kentucky's Congressman from this district.

SITE SPECIFIC EIS

However, shortly after the commitment was made to prepare site specific environmental impact statements, the Army applied to the Kentucky Division of Waste Management for permits under the Resource Conservation and Recovery Act. This application was found by our State to be deficient under State law for, among other reasons, its failure to evaluate alternatives, public health, and economic impact.

One would want this important task to be not unnecessarily delayed for any reason. However, we in the Commonwealth feel that we are prepared to resort to litigation if necessary to see that eventually the necessary elements to comply with the National Environmental Policy Act is met, and we consider this first and foremost. And if the Army continues to fail to comply with that, it would really leave us no other alternative but to seek litigation to see that the law is fully complied with.

In summary, Mr. Chairman, our analysis of where we have been with this project, where we appear to be heading, indicates a more deliberate approach is what is needed by the Army, and not an additional appropriation.

One of the most important factors in determining the most appropriate timetable for a plan to destroy these weapons appears to me to be the rate of the deterioration of those munitions that are now in storage. Mr. Chairman, as you noted in your statement of January 22, the 1985 Army material systems study addressing this point revealed the rate of stockpile is not degrading as fast as was previously feared.

This fact militates strongly in favor of allowing the Army a few additional years necessary to properly consider the alternatives and the risks that it has heretofore failed to address.

We respectfully urge you, Mr. Chairman, and this subcommittee, to help put the brakes on, put the brakes on this rush toward a plan based on what we feel is an incomplete study, incomplete data, and to address the original questions engendered by this project, such as the choice of technology and the choice of transportation. It needs, I believe, a new and fresh and deliberate and impartial look if we are going to arrive at the very best decision.

I thank you, Mr. Chairman, for allowing me this opportunity to share my concerns as the chief law enforcement officer for the Commonwealth of Kentucky and to offer you my recommendations.

I would be happy to answer any questions that you have.

Senator SASSER. Thank you very much, Mr. Armstrong. I think your statement is forthright and self-explanatory. I think I must say the Chair finds itself in substantial agreement with the case that you have made here today. Thank you, General, for appearing here this morning and giving us the benefit of yourviews.

Mr. ARMSTRONG. Thank you.

[The statement follows:]

COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

WRITTEN TESTIMONY OF

DAVID L. ARMSTRONG
ATTORNEY GENERAL OF KENTUCKY

Senator Sasser and other distinguished members of the Senate Subcommittee on Military Construction Appropriations, I would like to express my deep gratitude at being allowed to briefly testify this morning. As my state's Attorney General, my statutory responsibility is to serve as the chief legal officer for the Commonwealth of Kentucky. One of the main environmental concerns in our state is now, and has been for some time, the issue of the disposal of the chemical munitions at the Bluegrass Army Depot at Richmond, Kentucky.

First, I believe Senator Sasser's remarks in the Congressional Record of January 22 of this year capture very well what has been the unfortunate theme of this entire project. And, that theme has been an unmitigated rush toward an incineration plan for which the Army is not adequately prepared. Not adequately prepared, Mr. Chairman, in terms of (1) technology, (2) compliance with state and federal environmental requirements, (3) evaluation of the public health and safety risks, and (4) candor with the affected local community.

Undoubtedly, most of the haste which has driven the Army's decision making to this point is due to Public Law 99-145 and the 1994 deadline it imposes. Clearly, this deadline should be lifted. This is simply not the type of project that can be rushed. The undue haste at this point has manifested itself in all of the areas I have just mentioned.

1) Inadequate Consideration of Necessary Technology.

As I am sure you will hear from other witnesses, there has not been adequate study of the technological alternatives available in this project--whether those alternatives be in the area of storage or transportation. For example, the consideration of total or partial air transportation of the munitions is barely afforded lip service in the Army's draft environmental impact statement. If those are reasons why this transportation should be all but ruled out, (as has, thus far, been the case) the people in the populated areas where these chemicals may be burned or transported past deserve a full explanation. The people of our state would like to know why the Armed Forces can safely have aircraft armed with nuclear weapons constantly airborne, while the Army assumes that a one-time transportation of chemical munitions cannot be accomplished safely.

One could argue air safety is generally superior to rail safety even as a means of routine transportation. Clearly, this transportation alternative merits a fully developed operational plan for comparison with other modes of transportation. We suspect, instead, that in the Army's rush to meet the deadline, this option has never received serious consideration. Similar considerations of storage and treatment alternatives (which other witnesses may address) have also been ignored.

2) Non-compliance with state and federal environmental requirements.

The haste created by the 1994 deadline has also, in

our view, resulted in a flawed record by the Army in complying with the letter and spirit of environmental laws both at the federal and state level. One example of these shortcomings was the Army's original decision to forego site specific environmental impact statements for this project, a decision which was modified after citizen outcry and the assistance of Kentucky's Congressman from the district where the munitions are stored. However, shortly after the commitment was made to prepare site specific environmental impact statements, the Army applied to the Kentucky Division of Waste Management for permits under the Resource Conservation and Recovery Act (RCRA). This application was found by our state to be deficient under state law for, among other reasons, its failure to evaluate alternatives, public health, and economic impacts.

These deficiencies were extensive in many areas, including inadequate engineering descriptions of the incinerators and inadequate documentation on the adequacy of filter systems in controlling release of agents from the ventilation systems, to name a few.

Therefore, even if the Army's application for these permits is not premature, the inadequacy of the application does not create public confidence or understanding of the means of destruction of these chemicals.

From the standpoint of federal law and the requirements of the National Environmental Policy Act (NEPA), these permit applications were expressly violative of the Act in that they represent a further prejudicial commitment of resources by the Army to a decision that they have been made prematurely and without a complete record. Indeed, many of the major decisions of the Army throughout this project have that defect in common--they are premature, particularly given the extreme gravity and novelty of the task at hand.

No one wants this important task to be delayed unnecessarily, for any reason. However, the Commonwealth of Kentucky is prepared to resort to litigation if that is what is eventually necessary to ensure the Army's full compliance with these crucial environmental requirements. Particularly in the case of NEPA, we do not consider these environmental regulations as mere hurdles to be run past in the implementation of a previously arrived at decision, but rather are important substantive rules that are designed to help determine what options are reasonable and safe in terms of environmental protection and public safety.

3) Necessity for More Deliberate Approach

In sum, Mr. Chairman, any analysis of where we have been on this project and where we appear to be heading indicates a more deliberate approach is what is needed by the Army, not an additional appropriation. To accomplish, we concur that the 1994 Congressional deadline should be lifted.

One of the most important factors in determining the most appropriate timetable for any plan to destroy these weapons is their rate of deterioration in storage. Mr. Chairman, as you noted in your statement of January 22nd, the 1985 Army Material System Study addressing this point revealed that the rate the stockpile is degrading is not as fast as previously feared. This fact militates strongly in favor of allowing the Army the few additional years necessary to properly consider the alternatives and risks that it has heretofore failed to address.

We also need to implement an accurate and more frequent monitoring system of the stockpiles. Improved monitoring is crucial to determine the deterioration rate of these weapons, to assist in arriving at a realistic timetable for their

destruction; a test every five or ten years is just not sufficient.

We respectfully urge you to help "put the brakes" on this rush toward a plan based on incomplete study and data. The original questions engendered by this project, such as choice of technology and choice of transportation, need to be looked at with the freshness, deliberation, and impartiality needed for the best decision.

I thank you for allowing me the opportunity to appear before you today.

PUBLIC UTILITIES COMMISSION OF OHIO

STATEMENT OF DAVID J. LELAND, DIRECTOR, TRANSPORTATION DEPARTMENT, PUBLIC UTILITIES COMMISSION OF OHIO

ACCOMPANIED BY STEVEN LESSER, DEPUTY DIRECTOR

CREATION OF OHSET

Senator SASSER. Our next witness is Mr. David J. Leland. Mr. Leland is the director of the Transportation Department with the Public Utilities Commission of the State of Ohio.

Mr. Leland, I have reviewed your testimony and you raise many of the concerns which are being raised in my State with regard to the transportation of these munitions. So I would ask you to proceed with your testimony and try to hold yourself within the 10-minute time limitation.

Mr. LELAND. Thank you, Mr. Chairman.

My name is David J. Leland and I am the director of transportation of the Public Utilities Commission of Ohio. Beside me is the deputy director, Steve Lesser.

My testimony today is on behalf of Thomas V. Chema, the chairman of the Public Utilities Commission of Ohio [PUCO], the lead agency of the Ohio Hazardous Substance Emergency Team, otherwise known as OHSET.

Ohio's involvement with this particular issue began on May 16, 1986, when Gov. Richard F. Celeste formed OHSET and directed the PUCO to coordinate Ohio's response to the proposed transportation alternatives for the destruction of these chemical agents.

OHSET was composed of representatives of the Ohio Department of Highway Safety, the Ohio Department of Transportation, the State Fire Marshal's Office, the Division of Disaster Services, the Ohio Environmental Protection Agency, and our attorney general's office.

ON-SITE DISPOSAL OF MUNITIONS SUPPORTED

OHSET filed comments with the Army regarding the proposed transportation alternatives and concurred with the draft environmental impact statement report issued July 1, 1986, which stated that the on-site disposal of these chemical agents be the preferred alternative.

The State of Ohio still strongly supports this conclusion. Ohio has consistently been on record as recommending that on-site disposal be the most reasonable means of destroying these chemical agents. I am here today to reiterate that position and to fully explain our rationale.

Only by adopting an on-site disposal method can the U.S. Army meet the charge of the National Academy of Sciences that "a systematic study of optional methods of disposal on appropriate military installations, involving no hazards to the general population and no pollution of the environment, should be undertaken."

Mr. Chairman, it is our position that the risks and dangers directly connected to any transportation mandates the use of the on-site disposal alternative. The chemical agent that would be transported through the State of Ohio is mustard gas. This gas is currently stored in 1 ton containers at a facility in Aberdeen, MD, and represents 5 percent of the total chemical stockpile.

Mustard gas has been described by the Army as a persistent and powerful agent. It was designed to be a weapon of war and the Army has stated that the gas is deadly and that it could cause casualties. The international agency for research on cancer has included mustard gas among those chemicals which there is sufficient evidence to support a causal link between exposure and cancer development.

While we all agree that the possibility of infliction of this deadly substance on people and their environment must be prevented, the probability of an accident is increased by the Army's own admission that it has no experience in transporting these 1 ton containers this gas would be carried in.

Mr. Chairman, Ohio cannot and will not be a testing ground for transportation experiments. The news that the Army was considering a route through Ohio for either the regional or national disposal of this gas caused an immediate response. Resolutions, letters, press statements, all opposing the transportation of this mustard gas, poured in from local communities.

The Ohio House of Representatives through Resolution No. 46 also condemned this plan, and for good reason. The routes as proposed would pass through 48 Ohio cities, towns, and villages with an approximate population of 219,000. The route would pass through the middle of the business and residential districts of Ohio cities such as Springfield, Athens, and Washington Court House.

The train would travel within feet of Ohio University dormitories housing 14,000 students, students who do not need or want an education on the deadly effects of this particular gas. The proposed route through Ohio is 275 miles in length and will intersect 611 roads and highways where the largest number of train accident-related fatalities occur.

It should be noted that a large portion of the proposed route, the B&O line from Chillicothe, OH, to Parkersburg, WV, has not been used for approximately 1 year, is in a state of disrepair, and is a prime candidate for abandonment.

A total number of 127 waterways would be passed by this route, of which 56 would be judged major waterways for transportation or drinking water purposes. One waterway feeds the water system for the greater Dayton area, a population of over 500,000 people. A spill at certain locations such as these could present environmental hazards that affect the food chain.

A spill could also mix with various chemicals commonly found on farms and roads and cause dangerous reactions. It is the possibility of

these and other unknown hazards that make any transportation of this mustard gas unreasonable.

POSSIBLE TERRORIST INTERVENTION TO TRAVEL PLANS

And based on the information supplied by the Army, as you stated, Mr. Chairman, the very real danger of terrorist intervention with these shipments is a reason for favoring the on-site destruction of this mustard gas. The Army has estimated an average speed of 15 miles per hour per train, which means each train would be in Ohio for a period of 18 hours. Rural firefighters and police are not presently prepared for, nor should they have to prepare for, terrorist attacks on munitions trains.

There is not even an economic justification for these transportation alternatives. It is clear from the EIS that there are no significant differences in the costs of the various alternatives. The transportation and on-site alternative were estimated to cost $1.9 billion.

Since the costs of the alternatives are nearly equal, it would be an unsupportable position to elect to transport such extremely dangerous ordnances and chemical agents across State lines. There is no justification for exposing hundreds of thousands of innocent persons to the threat of transportation accidents which could potentially result in catastrophic damage to people and their property.

MIAMISBURG SPILL INCIDENT

On July 8, 1986, we in Ohio saw firsthand a catastrophic transportation accident. A train carrying phosphorus derailed in Miamisburg, OH, a suburb of Dayton. The resulting spill, fire, and toxic cloud resulted in the evacuation of over 40,000 residents, the largest evacuation in the history of the United States from a chemical spill derailment.

Fortunately, no one was killed. But the jury is still out on the long-term consequences of the spill and fire to the citizens and their environment. Further, the financial impact of the accident on this community has been devastating.

It is a nightmare to imagine the consequences should a Miamisburg-type derailment occur with any of these chemical munitions.

Now, we are realistic. We recognize that to maintain the standard of living we have come to expect in this country that certain chemicals or chemical wastes are going to have to be transported through our State and Nation. We in Ohio are working to make our transportation system as safe as possible within the regulatory framework and needs of our communities.

It is contrary, however, to those goals to have an extremely dangerous and vulnerable substance such as mustard gas transported through Ohio, where the economical and reasonable alternative of on-site disposal is available.

In conclusion, Ohio supports the conclusions drawn in the draft EIS. On-site disposal of the obsolete chemical munitions is the safest and sanest alternative. There is nothing to be gained by the needless trans-

port of deadly munition trains through unprepared and ill-equipped urban neighborhoods and rural communities.

The economics and the alternatives do not dictate otherwise. But more than economics, the potential risk to innocent lives demands that the on-site disposal alternative be not only the preferred one, but ultimately the chosen one.

I thank you, Mr. Chairman, for allowing us to present our testimony this afternoon.

Senator SASSER. Thank you very much, Mr. Leland. We appreciate you being here.

I cannot let you leave without noting that, while 5 percent of the chemical munitions stockpile will pass through the State of Ohio, 23 percent of it will pass through my native State of Tennessee.

We had a rail disaster in our State about 8 years ago in Waverley, TN, where a propane car overturned. The resultant explosion took many lives, blew away one-half of that small community, and to this day people are walking the streets of Waverley, TN, with severe disabilities, burns, et cetera, as a result of that disaster.

So we can well imagine what would have happened if a train—a carload of nerve gas had turned over and exploded there in Waverley, TN, 8 years ago, rather than a carload of propane gas.

Gentlemen, thank you for appearing here today and we appreciate your testimony.

Mr. LELAND. Thank you.

Senator SASSER. The subcommittee received the greatest number of requests to testify from the State of Kentucky. So before calling our last witness this morning, I would insert at this point in the record the written testimony of Mr. Thomas J. Fitzgerald, director of the Kentucky Governmental Accountability Project. Without objection, that will be inserted into the record.

[The statement follows:]

Kentucky Resources Council

WRITTEN TESTIMONY OF

THOMAS J. FITZGERALD, DIRECTOR
KENTUCKY GOVERNMENTAL ACCOUNTABILITY
PROJECT, KENTUCKY RESOURCES COUNCIL

The following testimony was prepared by Thomas J. FitzGerald, counsel for and Director of the Kentucky Resources Council, a non-profit membership organization incorporated in the Commonwealth of Kentucky and dedicated to conservation and prudent use of the natural resources of the Commonwealth. The Kentucky Resources Council is composed of a broad spectrum of Kentuckians, from rural and urban areas, including small farmers, river recreationists, and many individuals who live and work in areas impacted by natural resources extraction, development, and subsequent waste disposal.

The Kentucky Resources Council has been active in assisting the Concerned Citizens of Madison County, Kentucky in their efforts to assure accountability in the chemical demilitarization process which the United States Army was directed to undertake under Section 1412 of Public Law 99-145, the 1986 Department of Defense Authorization Act. The Lexington-Bluegrass Army Depot, which is located in the environs of Richmond, Madison County, Kentucky, currently houses some 1.6 per cent of the stockpile of chemical munitions in the continental United States which are

slated for disposal under the 1986 Authorization Act. The comments which follow are submitted for the consideration of the Subcommittee in determining whether to grant the supplemental budget request of the Department of Defense to begin the construction of facilities for the chemical demilitarization program.

The Kentucky Resources Council believes that the supplemental budget request is premature, and that expenditure of funds in any phase of design or other work to support construction of incinerators for thermal destruction of the chemical stockpile should not occur until and unless it is preceded by a balanced and thorough comparative assessment of disposal options which proves it to be the most protective and appropriate disposal option. Such an assessment has not been undertaken to date. The authorization of funds to begin implementation of a choice of destruction technology and location(s) for such destruction, at a time when the basic assumptions underlying both the Army's choice of a disposal technology and of the location(s) of facilties for stockpile destruction have been subject to scrutiny and found wanting, and when basic questions regarding the human impact of such choices remain unexplored and unanswered, cannot but help to undermine the Congressional goal of a destruction option which assures maximum protection of the public and environment.

The Council has reviewed the statement of Senator Sasser, reported in the January 22, 1987 Congressional Record, regarding the budget request, and concurs with the Senator on a number of basic principles contained in the statement.

The Council concurs that the 1994 deadline is unrealistic, and has, on balance, had a negative impact on achieving the goal of designing and implementing a destruction program which will assure

protection of the public and environment.

The 1994 deadline has had two impacts. One of the impacts was a positive impact, in that the imposition of a deadline required that serious consideration be given to the many questions surrounding the destruction of the aging chemical weapon stockpile. The second impact has been overwhelmingly negative however, for while the 1994 date has produced a decision on chemical agent destruction, it produced a poor decision, one which failed to properly and thoroughly assess comparative risks, benefits, environmental and public health consequences, and reasonable alternatives to incineration on-site at the locations currently housing the chemical agent stockpile.

The decisional process of the Army in carrying out the mandates both of the 1986 Authorization Act and in meeting the important considerations of the National Environmental Policy Act (NEPA), which together require thorough consideration of public health and environmental impacts and the choice of a destruction option most protective of these values, has been driven to an overwhelming extent by the 1994 deadline.

Rather than approaching demilitarization from the vantage point of "what is the most environmentally sound approach to stockpile destruction," and then identifying the technical and practical questions that must be researched, technologies that must be developed and tested, and alternatives that must be analyzed prior to answering these questions, the Army approached this issue from the end point of 1994. The deadline has lead to a "backwards-looking" approach which has narrowed unacceptably and irrationally the range of options for agent disposal and has abridged consideration of public health and safety.

The Amry approach began with the proposition that the disposal technology had to be completed by Y date and therefore must begin by X date. All health, environmental and other considerations were tailored to fit the deadline, and neither public health nor the lack of sufficient information and analysis regarding alternatives could be allowed to become an obstacle to meeting the 1994 mandate.

The Army choice of the on-site incineration alternative; its summary rejection of other locational and technological alternatives and of areas is dire need of further research, such as mitigation of transportation risks, chronic long-term exposure risks to the public, alternative transportation modes; its choice of a technology for disposal and rejection of a number of other available and promising technologies; all of these decisions have been constrained and driven by the deadline.

This is not the way to go about meeting the goals of maximum protection of the public and the environment.

As Senator Sasser noted in the January 22, 1987 Floor statement, the deadline has proven counterproductive because it has triggered decisionmaking on incomplete record.

It has caused the Army to reject without sufficient analysis a number of transportation alternatives, to propose without sufficient safeguards the on-site incineration of these agents, and to conduct a superficial analysis of the health and safety risks associated with various disposal scenarios. It has also lead to substantive non-compliance with the National Environmental Policy Act in numerous ways:

1. The failure to consider reasonable alternatives for siting and disposal technologies;

2. The failure to respond to public comments during the "scoping" process;

3. The presentation of almost meaningless speculations of risks to "generic" communities and "generic" environments, and the further failure to quantify various risks;

4. The prejudicial commitment of Army resources to the development of the on-site incineration capability even before the programmatic environmental impact statement (PEIS) has been completed and finalized.

The latter concern involves the filing by the Army of permits in late 1986, in both the Commonwealth of Kentucky and throughout the U.S. in states currently housing the stockpile, seeking the approval required under the Resource Conservation and Recovery Act (RCRA) to construct and operate hazardous waste incinerators.

The filing of RCRA permits to implement the "preferred alternative" of the Draft Programmatic Environmental Impact Statement of on-site incineration by the Army was in flat and flagrant violation of the National Environmental Policy Act. The environmental impact review process under NEPA requires that the Army consider all reasonable alternatives and assess the comparative environmental impacts of the alternatives <u>prior</u> to the commitment of resources to the implementation of any alternative. The filing of the permits constitutes, in the Council's view, a prejudicial commitment of resources in advance of proper consideration of siting, technology, and other issues under review. The filing of the permits has the obvious effect of taking one of a number of alternatives <u>beyond</u> planning into the first phase of implementation prior to a full and fair consideration of all alternatives. In so doing, it taints the

decisional process in a manner in direct contravention of NEPA and the implementing regulations.

On December 3, 1986, the Council requested that the RCRA permit for the Lexington-Bluegrass Depot Incinerator be withdrawn. A copy of that letter is attached. No answer has been forthcoming in the intervening months.

I urge you not to allow the Army to further prejudice full and fair consideration of the many technical and public health and safety issues that are currently under review by the Army, and others yet unexplored, by allowing further design and construction work to begin to implement a choice of technology and choice of disposal location(s) that has been hastily made and soundly criticized for its lack of consideration of both impacts and alternatives.

I have attached prior comments to the Army and the House Committee on Armed Services Subcommittee On Investigations.
(CLERK's NOTE: The attachments are on file with the committee.)

The 1985 Army Material Systems Study on the status of the M55 Rocket stockpiles reflected that the chemical munition stockpiles are relatively stable and are not deteriorating at a rate or frequency so as to warrant undue haste at the cost of a thorough environmental risk assessment. We have the time to revisit the basic questions regarding risks, technologies, disposal facility siting, and transportation alternatives, and to thoroughly analyze the issue untainted by preoccupation with a deadline. Approval of the supplemental budget request will further prejudice sound decisionmaking on these issues by giving further momentum to a choice of stockpile disposal that is based on incomplete analysis and is therefore ill-considered.

Thank you for the opportunity to submit these comments.

CONCERNED CITIZENS OF MADISON COUNTY, KY

STATEMENT OF KATHERINE BURNAM FLOOD, ON BEHALF OF CONCERNED CITIZENS OF MADISON COUNTY, KY

ACCOMPANIED BY BETSY ARBUCKLE NEY

CHEMICAL MUNITIONS DISPOSAL

Senator SASSER. Our last witness this afternoon is Mr. Charles Flood, representing the Concerned Citizens of Madison County, KY. The testimony we received, however, is from Katherine Flood, so we will be pleased to hear either from Mr. or Mrs. Flood at this juncture, and it is apparent to me that we are going to hear from Mrs. Flood.

Mrs. FLOOD. Right, Mrs. Charles Flood.

Senator Sasser and distinguished members of the Senate Subcommittee on Military Construction appropriations: My name is Kathy Flood and I am here today with Betsy Ney to testify on behalf of the Concerned Citizens of Madison County, KY.

The Concerned Citizens is a diverse group that coalesced in 1984 in response to the Army's decision to dispose of the Nation's chemical weapons stockpile by on-site incineration. I would like to stress that this is not just a local or a State problem, but a national problem.

While eight States have borne exclusively for 30 or more years the risks and hazards associated with the storage of chemical munitions, the Nation as a whole has been a beneficiary of their strategic importance, and the Nation as a whole must now participate in the solution and share in the risks associated with disposal of chemical munitions.

The Concerned Citizens' sole purpose is to ensure that the Army arrives at the best decision regarding chemical weapons disposal. We have defined best decision as that technology which does not pose a long-term health threat, nor the possibility of a catastrophic accident, to the population surrounding the Lexington-Bluegrass Depot in Richmond, KY, the populations of the other seven sites, or the population associated with a transport corridor.

TRANSPORTATION OF NERVE AGENTS

We have concluded, as you apparently have, that the Army has consistently overstated its applied technological expertise and experience in incineration of nerve agents. We completely agree with you that it is premature to build other facilities until the JACADS facility has been fully tested and that, therefore, the 1994 deadline must be extended. We do not, however, share your fears about the hazards associated with transportation.

The Army has a long and exemplary history of transporting nerve agent without accident or incident. Agent has been successfully transported by train, by ship, and by air as recently as 1980.

As you may know, the Federal Republic of Germany has been assured that our unitary stockpile of chemical weapons will be transported out of Germany for disposal. Clearly, the Federal Republic of

Germany evaluated these two technologies, one of transportation and one of on-site incineration, and chose the one which posed the least threat to its citizens. We insist that American citizens in populated areas receive equal consideration and protection.

Chemical weapons transport concepts being considered and refined will not simply load pallets and place them in common boxcars for transport. Since 1970, the Army has been overpacking chemical munitions in concrete steel-reinforced containers which were then hermetically sealed. These containers of which I speak were custom designed for ocean disposal.

Since 1970, more sophisticated overpacks have been custom designed to safely transport nuclear munitions and materials. Surely these could be adapted for use in transporting chemical weapons or, better still, design custom containers specifically for this disposal program to be compatible with transport concepts. By that I mean compatible with air transport, whatever.

MITIGATING RISKS OF TRANSPORT

Other suggestions which have been made to mitigate the risks of transport are:

One, to drain the agent from the munition and chemically neutralize it prior to transport;

Two, to containerize the whole munition in a neutralizing bath during transport;

Three, to containerize the munitions in a coolant which would reduce the volatility of the agent and the munition;

Four, incorporate shock resistance and vapor collection into container design;

And finally, to do more extensive analysis of air transport using historically safe military planes with newly developed custom containers.

One last point on containers and transport mitigation. The weapons must be removed from the igloos regardless of disposal scenario. It is at this point that they should be placed into the containers, and once they are in there they should be safe for transport to regional or national disposal sites.

DEFICIENCIES IN INCINERATION PROCESS

I would like to discuss briefly some of the most glaring technological deficiencies which we have found in the proposed incineration process. The bottom line for the Concerned Citizens and, I am sure, for your committee is that a solution is found to the chemical weapons program that will protect public health and safety in both the short and long term.

The burden of proof is on the Army to demonstrate the safety of on-site incineration, and they have failed to do so. Maryland and Colorado have rejected the Army's application for RCRA permits which are necessary to build the proposed incinerators.

Kentucky has found the application significantly deficient, and I am delivering to you today the Kentucky notice of deficiency. The four critical technological issues which we have identified, as have many others, are:

One, the inability of the Army to identify and quantify the effluents from the stack;

Two, the crudeness of the environmental monitoring systems;

Three, the failure to consider the human factor associated with catastrophic accidents which will heavily influence the risk assessment analysis of on-site incineration;

And finally, the inexperience of the Army in burning agent, even in a demonstration nonproduction facility.

It is absurd to describe the incineration process as safe and proven when the Army cannot characterize on a continuous real-time basis the stack effluents or to assuredly prevent leaks such as the one that was reported at Tooele, UT, on January 28 of this year.

We are also very concerned about the particles of incomplete combustion, because the latest studies on incineration prove that these particles may recombine in the stack and atmosphere to create new potentially hazardous toxins.

Proposed stack destruction and removal efficiencies are also unclear in the Army documents, and they may not be as restrictive as limits imposed on PCB or dioxin incinerators, nor have they been proven by testing as attainable for extended periods of operation, as required in this program.

MONITORING OF INCINERATION PROCESS

I would like to quote Oris Blackwell, professor and chairman of the Department of Environmental Health at Eastern Kentucky University, on his concern about the monitoring system:

> Finally, as a scientist I am convinced that the monitoring systems that the Army is currently using to detect agents GB and VX in the ambient air are the best available technology.
>
> New developments in the field of trace measurements down to parts per billion and even parts per trillion using any of several methods and indeed combinations of methods need to be further exploited. The Army has not kept pace. Most of what the Army has chosen to use up to now was developed for battlefield use to detect agents in battle situations. It was not developed to monitor a very extensive destruction process.

And this needs to be looked at closely.

Third, we must never forget that all our complex machines and systems are designed by humans and operated by humans. Both design error and human error contributed heavily to the accidents at Three Mile Island, Bhopal, and Chernobyl.

As recently as January 28, the CAMDS facility in Tooele, UT, experienced a release of agent, in as-yet-to-be-determined amounts, into the atmosphere. The significance of this latest incident at Tooele is that the redundant safety features failed.

I cannot tell you how many Army briefings we have been to where we have been told that this was impossible. Well, it happened in January of this year and it happened about 1½ years ago also, and those were only the two incidents that we know about.

This is not a proven, totally reliable technology and we fear for what the consequences might have been had this occurred at one of the other seven sites. In Richmond, KY, we have 16,000 students within 3 miles of where the smokestack would be. This might have been a very, very grave situation had this occurred in Richmond.

It is absolutely critical in our opinion to site the incinerators in suitably remote areas so that a margin of error can be preserved.

Finally, Senators, I would like to tell you that only 120,000 pounds of nerve agent have been incinerated over an 8-year period, out of a stockpile conservatively estimated to be 72 million pounds. Only 38,000 pounds have been incinerated in the so-called liquid incinerator which will be used at the JACADS facility, and the process, of course, used at CAMDS was far less sophisticated than what will be necessary for this program.

For the Army to interpret these statistically insignificant figures as proof that the incineration process is safe and proven is preposterous. Furthermore, the agent was incinerated in a nonproduction facility located in an exceedingly remote area.

SITE-SPECIFIC ENVIRONMENTAL IMPACT STATEMENTS

Senators, we heartily concur with your opinion that a 1994 deadline is inconsistent with a solution to the Chemical Weapons Disposal Program that offers protection for public health and safety.

Until the Army completes site-specific environmental impact statements, identifies stack effluents and their effects on human health and the environment, both in the long and short term, improves their monitoring capabilities and demonstrates an ability to safely incinerate agent in a production-oriented facility like JACADS, no meaningful risk assessment analysis can be made.

Nor can a meaningful risk assessment analysis be made until the transportation option is totally redone incorporating more refined air transport concepts and using statistics based on military munitions transport history, rather than commercial transport. I agree with you, the prospect of a commercial transport of nerve agent is appalling.

The military has an exemplary record of not only transporting chemical weapons, but all kinds of weapons and munitions, and those are the statistics that we have to use.

To quote Dr. Blackwell again: "All the routine catastrophies"—such as Mr. Leland and many others cited, all these routine castrophies—"of rail operation are a totally different scene than a specially formed, loaded, guarded, routed, and carefully moved military arsenal train." The same point applies to a carefully planned military air transport scenario.

Finally, Senator, since your hearing today concerns funding for the chemical demilitarization program, we urge you to fully support additional studies and concepts development and testing of ideas and mitigation options, as we have proposed herein.

We feel that this extra effort and extra time is essential to identify the best decision for disposal and prove that it is best for all before experimenting with unproven programs.

Thank you for allowing us to appear before you today, and if you have any questions Mrs. Ney and I would be happy to try and answer them.

Senator SASSER. Thank you, Ms. Flood. Thank you, Ms. Ney. I think you have been very exhaustive and precise in your testimony.

Quite frankly, I have no questions except to say I do agree with your assessment that we certainly need to have additional study and experimentation with this technology and perfect it before we proceed full speed ahead with trying to dispose of these very exceedingly dangerous and noxious chemicals.

SUBMITTED QUESTIONS

Questions submitted to departmental witnesses will be inserted in the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR SASSER

ACHIEVING THE 1994 DISPOSAL DATE

Question. Originally, the Army planned to issue a final environmental impact statement in January 1987, but this has been delayed to late 1987. Why has the Army experienced this delay? What affect does this approximately one-year delay have on the Army's ability to achieve the 1994 deadline?

Answer. The delay of the final programmatic environmental impact statement (PEIS) is due, in part, to the need for additional assessment of transportation alternatives, risk analyses, emergency response plans and other issues which arose out of concerns and comments received on the draft PEIS. The delay is also necessary to accommodate Congressional direction to have a review and evaluation of the Army's demilitarization program by an independent group. The current delay in the PEIS has not affected the 1994 schedule. The critical path of that schedule is still the ability to construct dipsosal facilities in FY 1988. Further delays in the environmental process such as difficulties in processing applications for Resource Conservation Recovery Act (RCRA) permits may preclude meeting the schedule.

Question. If the Army makes significant changes to the draft environmental impact statement or adds new disposal alternatives, will the Army issue a second draft statement? How long will this extend the environmental impact statement process? How will this affect the Army's ability to achieve the 1994 deadline?

Answer. The Army has consulted with both the Environmental Protection Agency (EPA) and the President's Council on Environmental Quality (CEQ) on this matter. Each has advised that the current changes the Army is making to the draft programmatic environmental impact statement (PEIS)could require the issuance of a second draft statement. This issue will be continually reviewed by the Army with recommendations from EPA and CEQ. A final decision will be made in June or July 1987. If the Army issues a second draft PEIS, the process could be extended 3-6 months. A delay of that length will probably affect the Army's ability to meet the 1994 deadline.

Question. The Army plans to prepare site-specific environmental documents after deciding on a disposal alternative. Given the schedule delays with the impact statement, when will the Army conduct these studies? How will this affect the 1994 deadline?

Answer. The Army will be preparing the site specific environmental documents in FY 1988 after the completion of the programmatic environmental impact statement (PEIS). The preparation of the site specific environmental documents should not affect the 1994 schedule.

Question. The Army has applied for its environmental permits to begin plant construction with all eight potential disposal states. The Army has asked the states to expedite permit processing to 16 months, although this usually takes 18 to 24

months. Have any of the states responded that they cannot meet the Army's schedule? How will this affect the Army's ability to meet the 1994 deadline?

Answer. Many of the states, because of other requirements, have asked for relief from the short suspense for processing of the Resource Conservation Recovery Act (RCRA) permit applications. Since the programmatic environmental impact statement (PEIS) has been delayed, EPA and the states have been informed that they now have till July 1988 to complete the documents. This change of schedule is still compatible with the FY 1988 construction schedule of the disposal facilities and should not affect the 1994 deadline.

Question. Two states, Maryland and Kentucky, have indicated they will wait to process the Army's environmental permit applications for construction until the Army completes site-specific environmental studies. How does this impact the Army's ability to meet the 1994 deadline?

Answer. The State of Maryland has stated by letter that they will not do a completeness review of the RCRA Part B permit until a site specific EIS is completed for Aberdeen Proving Ground. The Program Manager for Chemical Munitions has sent a letter to Maryland explaining the rationale for the RCRA permit and requested that Maryland review the document for deficiencies. The State of Kentucky has reviewed the RCRA permit request for Lexington-Blue Grass Army Depot and has provided the Army with a Notice of Deficiency (NOD). The Army is now working on resolving those deficiencies. Construction of disposal facilities cannot begin without approved RCRA Part B permits. Facilities at Maryland and Kentucky would only be constructed if the on-site disposal alternative is chosen and are not required to be constructed until 1989 to meet the 1994 deadline. Therefore, at this time we do not expect any impact on the 1994 completion date.

FY 1987 SUPPLEMENTAL REQUEST

Question. If the disposal deadline is extended from September 1994, will the Army need the $250 million in FY 1987 funds requested for plant design and construction, or the $250 million requested for long-lead equipment procurement? What is the minimum amount of FY 1987 funding the Army would need, and for what purpose?

Answer. Design funds ($6 million) for disposal facilities will be required under the Modified Baseline Option (option 1) of the Chemical Stockpile Disposal Plan Supplement provided to Congress this month. This option requires facilites to be constructed in FY 1989 and completion of destruction by 1996. For the other options that extend the deadline beyond 1996, the FY 1987 Supplemental is not required.

ACHIEVING THE 1994 DISPOSAL DATE

Question. If the Army, in early 1988, selects a disposal alternative other than on-site disposal at all eight storage

sites, how much of the $500 million FY 1987 supplemental funding would be excess?

Answer. Choosing the national or regional alternative means a reduction of the number of disposal facilities from nine to five. The $250 million MCA request, required in FY 1988, would then be reduced to $150 million. No other MCA would be required. Of the $250 million procurement request, $125 million will be required in FY 1988 for time critical equipment and the remaining $125 million would be needed in FY 1989 for the rest of the equipment. Therefore, of the $500 million in the FY 1987 Supplement, $275 million would be required in FY 1988 and $125 million would be required in FY 1989.

Question. Because the Army may not select a disposal alternative until early 1988, instead of January 1987 as planned, isn't the FY 1987 supplemental funding request premature?

Answer. The Supplemental request was not premature. The purpose of the FY 1987 Supplemental was to ensure that resources are not the driving factor in meeting the very challenging 1994 schedule, and that the availability of funds is not one of the obstacles in our path. Also, the supplemental process was used as a vehicle to avoid encumbering the Army's military construction program with a substantial resource requirement for what is, in the final analysis, a national problem.

Question. The Army has had a minimum of a one-year delay in selecting a disposal alternative. How does this impact the Army's construction schedule? Consequently, how does the delay impact the Army's need for the supplemental funds?

Answer. The current delay in the programmatic environmental impact statement process has not affected the construction schedule nor the 1994 schedule. The critical path of that schedule is still the ability to construct disposal facilities in FY 1988. The one-year delay therefore does not affect the need for the FY 1987 Supplemental.

THE ARMY'S OPTIMUM PLAN

Question. The Army expects to release in late March 1987 its "optimum plan for disposing of the munitions stockpile, if the 1994 deadline were removed. What is the reason for the Army's delay in issuing its optimum disposal plan?

Answer. The Congressional requirement to prepare a report that describes methodologies for optimizing safety and cost-effectiveness considerations took longer to develop than first envisaged. We had to ensure that all the options proposed are, in fact, executable and costed consistently. When a portion of an option was changed, corresponding schedules and costs had to change. The Army wanted to ensure that the Chemical Stockpile Disposal Plan Supplement is accurate and complete.

Question. To what extent will the Army be assessing the risks posed by the various alternatives presented in the optimum plan? Will public safety be a factor in selecting an alternative in this plan?

Answer. The Chemical Stockpile Disposal Plan Supplement does not include an assessment of risks for the various options. The Army has stated that no option will be proposed that is unsafe to the federal workers, the civilian population or the environment. The report does include discussions of programmatic risks and technological risks for the options.

Question. Will the Army present its preferred alternative in its optimum plan? If not, why not?

Answer. No, the Army has not included a recommendation in the Chemical Stockpile Disposal Plan Supplement. The Army's position is that there are advantages and disadvantages for any of the alternatives, to include the current 1994 schedule. The Department of Defense would like to work with the Congress to come up with a schedule that is best for all concerned.

Question. If the Army selects an alternative from its optimum plan, how will this impact the environmental process, including the impact statement and permitting processes?

Answer. If an option other than the 1994 schedule is chosen, the environmental process will be lengthened. The schedules are included in the Chemical Stockpile Disposal Plan Supplement provided to the Congress this month.

AGENT RELEASE AT TOOELE

Question. In late January 1987, the Army had an accidental release of agent GB to the atmosphere. According to Army officials, preliminary reports indicate that the agent escaped through the facility's filter and ventilation system. What was the Army's expected probability for this accident in its current risk analysis?

Answer. The risk analyses being done in support of the programmatic environmental impact statement (PEIS) address situations where there is a probability of hazard or risk to the general public. The incident which occurred at Tooele Army Depot resulted in a minor release of agent for a short period of time that was slightly above the standards. The general public was never at risk from the incident. Therefore, this particular incident was not included in the hazard and risk analysis of the PEIS and no probability was developed. There are scenarios in the PEIS that include significant failures involving the filter systems (which cleans the air from contaminated rooms prior to discharge into the atmosphere). The most severe failure scenario which could affect the general public involves a fire within the process building that passes hot combustion gases into the filtration system. The current probability estimate of such an event is 10^{-8} events per year.

Question. How has this ventilation system failure impacted the risk analysis in the Army's environmental statement? Does the Army plan to refine its risk analysis to account for the ventilation system's failure?

Answer. The risk analysis for the programmatic environmental impact statement (PEIS) is being finalized at this time. The risk

analysis will be refined to account for ventilation system failures of this type.

Question. How reliable, then, is the Army's risk analysis?

Answer. Estimations of probabilities of events and consequences are as much an art as a science. The Army, in recognition of this, has contracted with several leading experts in this field. These firms include GA Technologies, Oak Ridge National Laboratory, JBF Associates, H&R Technical Associates, Battelle Memorial Institute, and the Mitre Corporation. In addition, the risk analysis will be subjected to additional peer review. Thus, the Army has high confidence that within the current state-of-the-art, the analysis is reliable. The final PEIS will include the tolerance bounds of the hazard and risk calculations.

Question. The Army's prototype disposal facility at Tooele helps form the basis for the JACADS facility design. What effect has this accident had on the JACADS design and construction, specifically with the filter and ventilation systems?

Answer. An evaluation is being conducted on the filter and ventilation system at CAMDS. In addition, once the investigation report is completed, the recommendations will be evaluated and implemented as necessary. The JACADS filter and ventilation design and operational procedures will be modified if required.

FIFTH DISPOSAL ALTERNATIVE

Question. The Army is currently considering a fifth alternative for disposing of its chemical munitions. Under this alternative, the Army would collocate the stockpile from a few of the remaining disposal sites. How would the Army's potential selection of this fifth option affect the ongoing environmental permitting process? Would those receiving sites need supplemental permitting to accommodate the additional stockpiles received?

Answer. If an option that includes transportation of chemical munitions from one storage site to another is chosen, the receiving site's Resource Conservation Recovery Act (RCRA) permits must be modified to include the destruction of the new items.

Question. How would the selection of this fifth option affect the 1994 deadline?

Answer. This option of transporting chemical munitions from selected storage sites to others, will be covered in the programmatic environmental statement (PEIS) and should not affect the 1994 deadline. It may, however, require additional disposal facilities at the receiving sites.

ACCIDENT LIABILITY

Question. Public comments to the Army's Draft Environmental Impact Statement questioned, "Who is liable and who will pay?"

should an accident occur during the disposal program. What is the Army's position on liability should a disposal program accident occur? What is the basis for the Army's position?

Answer. The Army currently does not have a position on liability for the chemical stockpile disposal program. This issue is under study by the Army General Counsel.

EMISSION STANDARDS

Question. The Army does not expect any public health effects from air emissions during normal, daily operations. The emissions standard for mustard agent, a known carcinogen, however, is based on the Army's monitoring capability to detect low levels of agent, not on toxicity data. Consequently, how can the Army conclude there will be no health effects from normal operations?

Answer. The Army and the Department of Health and Human Services agree that the permissible level of a carcinogen such as mustard agent be as small as technologically possible. The Army therefore, designed its monitors to detect mustard agent at the current lowest level of analytical detection and agrees that should the level of detection be improved, the permissible level would be lowered.

Question. The Department of Health and Human Services is reviewing the Army's emissions standards for agents GB and VX because they were established in the 1970's. What impact could this review have on the Army's facility designs and air monitoring systems?

Answer. The current designs for disposal facilities are based on the current emissions standards. If the standards are made more stringent, adjustments in design and air monitoring systems may be required to meet the new standards.

COST

Question. Since facility construction at Johnston Island and equipment procurement and installation are well along, have you compiled any actual cost data for that facility?

Answer. Yes, the Johnston Atoll facility is approximately 70% complete. Costs for the construction of the disposal facility is $50.4 million and $78.2 million for the procurement of the equipment.

Question. How do the actual costs compare to the estimates for JACADS?

Answer. So far, the JACADS construction actual costs have increased by approximately 5% over the estimate, primarily due to redesign resulting from Engineering Change Proposals (ECP). Equipment costs are exceeding the final design estimates by 20% because of escalation from 1984 to 1986 dollars, redesign changes, and new equipment requirements. The removal of the tax free status for Johnston Island, as a result of the Tax Reform Act, could result in cost increases as much as $30-40 million throughout the life of JACADS.

Question. Have you done, or do you intend to do analyses of significant cost differences to allow adjustment of the estimated cost of equipment and facilities for CONUS locations?

Answer. Actual JACADS costs are collected, analyzed and where applicable, incorporated into cost estimates for equipment and facilities for the CONUS stockpile disposal program. These changes have been included in the Chemical Stockpile Disposal Plan Supplement provided to Congress this month.

FY 1987 SUPPLEMENTAL REQUEST

Question. What technology and what disposal alternative are reflected in the request for a supplemental?

Answer. The only technology that can be used to meet the 1994 deadline is the Johnston Atoll "baseline" technology, which basically separates the munition into components before destroying by incineration in separate furnaces. The FY 1987 Supplemental request will support any of the three alternatives.

Question. What effect would a change in choice of technology, disposal alternative, or program schedule have on the requirement for funding?

Answer. The funding requirement would be affected by any of the three items: change in technology; disposal alternative; and program schedule. The Chemical Stockpile Disposal Plan Supplement provided to Congress this month includes the cost data.

QUESTIONS SUBMITTED BY SENATOR GARN

CAMDS FACILITY IN UTAH

Question. On January 28 of this year, there was a chemical munitions leak at the CAMDS facility in Utah. It is my understanding that the employees' of CAMDS did an excellent job handling the alarm and filtering systems worked, and that the particulates that went into the atmosphere were not at levels harmful to the public health. However, the process use to inform the Utah congressional delegation and interested members of the press failed. Why weren't the interested parties informed of the incident earlier?

Answer. The Army officials at Tooele Army Depot initially classified the event as an "occurrence", requiring no report outside the local command. On January 30, 1987, the chemical leak was upgraded to a "chemical incident". An incident report was immediately forwarded to Headquarters, Department of the Army. Upon receipt of the incident report, HQDA notified the Utah Congressional delegation of the incident.

Question. What has the Army done to correct the problem?

Answer. The Army has taken steps to ensure that future incidents of this type are reported in a matter of hours.

Question. Can we expect to be informed about such incidents in the future?

Answer. The Army will inform all concerned parties of such incidents as soon as practicable.

1994 DEADLINE

Question. The 1994 deadline was imposed by the Congress when the chemical demilitarization program was linked to the production of binary weapons. In addition, the Congress required that the demilitarization program be based on such considerations as, cost, safety, and the most efficient method. As you know, I am very interested in this program being managed effectively because Tooele has over forty percent of the stockpile. Does the program envisioned by the Army to have the munitions demilitarized by 1994 meet the criteria of cost efficient, safe and timely demilitarization?

Answer. Yes. The Army will not agree to any alternative that is unsafe to the federal workers, the civilian population or to the environment. The 1994 schedule is attainable, but with considerable schedule uncertainty due to the potential for delays from the environmental process, litigation and other unscheduled events.

Question. If the 1994 deadline were removed, in what time frame could we reasonably expect to see the useless portion of the unitary stockpile disposed? Of course, in keeping with the other criteria for disposal.

Answer. The Army has provided several options to the 1994 schedule in the Chemical Stockpile Disposal Plan Supplemental provided to Congress this month. These options range from completion of the destruction by 1996 to completion by 2008.

Question. Would the Army need the $500 million request for the Supplemental if the date requirement were removed?

Answer. Design funds ($6 million) for disposal facilities will be required under the Modified Baseline Option (option 1) of the Chemical Stockpile Disposal Plan Supplement provided to Congress this month. This option requires facilites to be constructed in FY 1989 and completion of destruction by 1996. For the other options that extend the deadline beyond 1996, the FY 1987 Supplemental is not required.

Question. How much would be necessary in the Supplemental and the 1988 budget request to support a vigorous program for demilitarization, if the date of 1994 were removed?

Answer. The requirement for adjustments to the President's Budget for the demilitarization program is dependent on the schedule and siting plans chosen as a replacement. In the Chemical Stockpile Disposal Plan Supplement provided to Congress this month, five alternatives to the 1994 schedule are discussed. Below is a listing of the funding requirements for all the various options for FY 1988 and 1989 based on the on-site alternative. First is the current President's budget and the second is the revised funding requirement to meet the 1994 deadline without the FY 1987 Supplemental. The funding for the five options are listed below the dashed line.

FUNDING REQUIREMENT
($ in millions)

	FY 1988					FY 1989				
	MCA	PROC	O&M	RDTE	TOTAL	MCA	PROC	O&M	RDTE	TOTAL
Budget	-	-	83.9	3.5	87.4	-	123	88.2	0.7	211.9
1994 Sch	147	144.5	94.1	3.5	389.1	127	163	109	0.7	399.7
MBP(Op 1)	-	74.1	93.0	3.5	170.6	111	127.5	95.5	0.7	334.7
JOT(Op 2,3)	-	19.5	79.4	4.9	103.8	-	-	86.4	2.8	89.2
DTE(Op 4,5)	26	50.4	85.9	4.9	167.2	4.7	33.4	88.7	2.8	129.6

CHEMICAL DEMILITARIZATION REPORT

Question. The Army is in the process of completing a report to the congress about the chemical demilitarization program. At this time, has the Army eliminated any of the alternative technologies as viable options?

Answer. If the 1994 deadline for destroying the chemical stockpile remains, the JACADS "baseline" disassembly/thermal process is the only technology that can be used. However, if the 1994 deadline is extended, the cryofracture/thermal process could be fully developed and used for destroying the stockpile. The Chemical Stockpile Disposal Plan Supplement includes two options with the cryofracture process. No other technology is being contemplated at this time.

Question. When will the Army make a decision upon what type of construction is necessary at the different CONUS sites?

Answer. If the 1994 deadline for destroying the chemical stockpile is not extended, the Army will construct JACADS disassembly/thermal disposal facilities at the appropriate storage sites (national, regional or on-site alternatives). If the 1994 deadline is extended, the Army will make a decision in November 1987 whether it will be feasible to construct a full scale cryofracture facility at Tooele Army Depot, Utah in FY 1988. That facility, if built, will be compared to the Johnston Atoll facility and the better technology will be used for follow-on disposal facilities under the Dual Technology Evaluation option.

Question. Will the Army make the decision about which type of technology to use prior to receiving operational testing data from JACADS, the Johnston Island testing facility?

Answer. No. Assuming that the 1994 deadline is extended and the Dual Technology Evaluation Option is chosen, the technology decision will be made after evaluation of the Johnston Atoll Chemical Agent Disposal System (JACADS) operations and the Cryofracture full scale facility operations.

QUESTIONS SUBMITTED BY SENATOR SASSER

QUESTIONS SUBMITTED FOR ANSWER BY GAO

Problems with Army's Draft Environmental Impact Statement

Question. Mr. Brew, you pointed out problems with the Army's Draft Environmental Impact Statement. Will the final statement be any better, or does the Army need more time to plan for and evaluate its disposal program?

Answer. We determined that the draft environmental impact statement was limited and that the Army is continuing studies to improve the final statement where possible. However, not all the problems with analytical uncertainties and missing data can be eliminated. Instead, the Army must better explain how these shortcomings affect its estimates of potential impacts so decision-makers can more knowledgeably weigh the risk of each alternative.

Safest Disposal Alternative

Question. Will the final environmental impact statement clearly conclude the safest disposal alternative?

Answer. The Army recorded in its draft environmental impact statement that it preferred on-site disposal of the munitions stockpile. The Army's position was based on an evaluation of 12 criteria, which included factors in addition to public and environmental safety. The environmental impact analyses in the draft statement did not clearly conclude that one alternative was more or less safe than another. The Army is developing criteria and a methodology to select an environmentally preferred alternative for the final statement. However, because of some of the inevitable analytical shortcomings we have described, the final statement may not conclusively identify a preferred alternative in terms of public and environmental safety. Consequently, decision-makers may have to rely on other criteria to select a disposal alternative.

Emergency Response Requirements

Question. Could the impacts from emergency response requirements to the Army and local communities be significant enough to make a difference in which disposal alternative is selected?

Answer. A contractor is now developing an emergency response concept plan for the Army. Depending on the extent of the concept plan and resulting emergency response requirements, we believe the activities and costs to provide emergency response for communities along a railroad route could be significantly greater than those which would be required for the communities near the eight disposal sites. For example, the Department of Health and Human Services has suggested the Army may need to evacuate communities along the rail route before a train passes through. This could significantly increase costs to transport munitions. Consequently, emergency response provisions may make a difference in the disposal option selected.

SUBCOMMITTEE RECESS

Senator SASSER. Thank you for appearing, and the subcommittee will recess subject to the call of the Chair.

[Whereupon, at 12:35 p.m., Tuesday, March 3, the subcommittee was recessed, to reconvene at the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, MARCH 11, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:33 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Proxmire, Reid, and Stevens.

DEPARTMENT OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE

STATEMENT OF ROBERT A. STONE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS), OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (ACQUISITION AND LOGISTICS)

ACCOMPANIED BY:

MAJ. GEN. ROBERT J. DACEY, ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

REAR ADM. JOHN P. JONES, JR., COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY

BRIG. GEN. JOSEPH A. AHEARN, DEPUTY DIRECTOR OF ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

MILITARY CONSTRUCTION OVERVIEW

BUDGET REQUEST

Senator SASSER. The committee will come to order.

Mr. Stone, gentlemen, I welcome you before the subcommittee this morning as we begin our review of the fiscal year 1988 budget request. The request before us is for $10.1 billion, a real increase of 18 percent, or $1.9 billion, over the amounts appropriated by the last Congress.

I think on the front end we need to be candid with the witnesses and say that increases of such magnitude, given the budget environment that we are in now, are going to be exceedingly difficult to sustain, and I think we are all aware of that. I suspect that reductions are going to have to be made. The challenge before this subcommittee is to assure that the reductions which are made still permit the highest priority projects to be funded.

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Clearly, we are going to need the full cooperation of the Department of Defense, first, in seeking and working with us to keep the reductions to a minimum and, second, in giving us some help in prioritizing the projects where the funds are available.

I note that no other members of the subcommittee are here at this time, so we will hold the record open for any opening statements that they may have.

Today we will hear from the Department of Defense for an overview of the total request for military construction. In later hearings, we will cover individual projects and hear witnesses from the separate services and Defense agencies. For this overview, we had hoped to hear from the new Assistant Secretary for Acquisitions and Logistics; however, the Armed Services Committee has not yet reported Mr. Costello's nomination. It is the intention of the subcommittee to have an appeal hearing after the House Appropriations subcommittee markup, and we hope that Mr. Costello can be with us at that time.

INTRODUCTION OF WITNESS

We are fortunate today to hear from the Deputy Assistant Secretary for Installations, Mr. Robert Stone. Mr. Stone is well known to the subcommittee, as he has appeared here many times before, and, Mr. Stone, I want personally to welcome you here today and say that we look forward to hearing your testimony.

I might say this, Mr. Stone. In the interest of time—we have a lot to do today—if you could summarize your testimony as much as possible we would very much appreciate it. I am going to have to leave here by 12 noon.

You may begin.

INCREASED FUNDING FOR FISCAL YEAR 1988

Mr. STONE. Thank you, Mr. Chairman. I will try and speak briefly and quickly, Mr. Chairman.

I appreciate the opportunity to be here to present the Department's request and to be accompanied by these three distinguished military leaders, with whom I work constantly and who run the services' construction program. They make my job easy and fun.

Dr. Costello is also sorry that he could not be here as the Assistant Secretary of Defense. He was looking forward to this hearing. We spent some time going over the issues and talking them out, and he and I are in very broad agreement on what we are going to talk about.

I understand your request for cooperation with the Department. I want to assure you that we want to cooperate in every way possible to help you review our requests, to keep reductions to a minimum, and to help as best we can to help you understand what our priorities are. And I encourage you and Mr. Walker and Mr. Pierce to work with me and with the services. These gentlemen with me understand the priorities very well.

The request that we are asking, as you say, is an increase of 19 percent in real terms and I understand that it is going to be difficult to sustain. But I would ask you to try and understand what it means to us to have a 19-percent increase in military construction within an overall defense budget request that has an increase on the order of 2 or 3 percent.

The increase in military construction we are after represents the priorities of our military leadership, the priorities of the CINC's and regional commanders, the priorities of the four-star officers who command the Strategic Air Command, CINCPACFLT, Army Forces Command, and all the rest.

IMPORTANCE OF REQUESTED PROGRAMS

Within the money that they expect to be available for them, they have chosen to allocate this big increase against military construction and forego increases in other areas, simply because the projects that we are asking for are so important to them. They are investments not only in our physical plant—that is important, just viewed objectively—but, more importantly, they are investments in the people who use them, in the soldiers, sailors, airmen, and marines who defend America. Providing them excellent places to work and excellent places to live is an investment in the output that we expect from them. That is why it is so important to the commanders.

So I seek your understanding on why we are asking for such a large request and hope that we will be able to work together to make that more clear.

FACILITIES OF FORWARD-DEPLOYED FORCES

General Rogers wrote me just a couple of weeks ago, and I quote: "Combat capabilities of our forward-deployed forces are directly proportional to the quality of facilities in which those forces work and live." And investment in facilities commonly pays back very quickly. A modernized aircraft maintenance hangar will return its investment in 15 years if the troops that use that hangar produce an additional output of 3 minutes a day. That is, less than a 1-percent increase in productivity will pay for the cost of a new hangar.

Just yesterday, I was at Offutt Air Force Base in Nebraska, and I went through a brand new hangar that the Strategic Reconnaissance Wing at Offutt has been in just about 1 month. The head of maintenance for the wing said he thought that his troops were being at least 15 percent more productive in that new facility. That is just an example of what we can get our people to produce for us if we provide them with excellent facilities.

We have made a lot of improvements, Mr. Chairman, in recent years, thanks to the tremendous support of this committee and of the whole Congress. We still have a long way to go, I believe. Last October I visited 16 bases in Europe, as I know you have, and what I saw there were very impressive soldiers, sailors, and airmen who were enthusiastic,

capable, and eager to do more. You cannot visit with them, or I could not visit with them, for more than a couple of minutes without feeling proud and thankful that America has young people like this defending us.

FACILITIES FOR PROCESSING TROOPS

But while I was feeling good about the people that we have over there, I saw some things that did not make me feel good at all. We do not provide for our troops overseas the way we really need to. They get their first taste of what is in store for them when they land at Rhein Main and have to process through a terribly overloaded and inadequate facility.

If they are soldiers, chances are almost 50–50 that their workplace is going to be a muddy field, and that is where they maintain their tanks, trucks, or combat vehicles. They are just going to have an open field to work in. In the fall the rains come and it stays muddy until the mud freezes, and then it has snow on top of it.

And our combat vehicles are loaded with fuel and ammunition ready to move out at a moment's notice. There is a good chance that if notice comes, the troops are going to have to lose valuable time trying to wrench off frozen, snow-covered tarpaulins from the tops of their tanks. We really need to provide for them areas where they can park on concrete under cover from the elements.

The Army has a program, over a $350 million program, between now and 1996. We are asking for $35 million this year to eliminate the maintenance in the mud. I am not satisfied with that schedule, nor is General Otis. We demand a lot of our soldiers in Europe and I believe that we owe them a place other than a muddy field to maintain and service their equipment.

NAVAL SUPPORT FACILITY IN NAPLES

Another big problem in Europe, that I would like to make a special point of mentioning, is the naval support facility in Naples. We really need to relocate out of there. Our facility is vulnerable to earthquakes. There is a clear danger of the buildings collapsing, with a sudden loss of our ability to command and control naval forces in the Mediterranean. That would be a disaster militarily.

The current situation is very rough on our people. When I was over there in October I went through the school, the dependents' school, and I went to a chemistry classroom that had big cracks in the wall. I asked the chemistry teacher, Mr. Perry, if he had been there when that happened. He said, "You are darn right I was there. Girls were crying. The walls were cracking. It was really terrible."

Providing for our people and for our command and control capability, we need to replace the facilities in Naples on our schedule, not on nature's.

I would like to finish up by telling you how we are moving ahead in a number of ways, to make sure we are doing the best with the tax-

payers' dollars. First, we are getting a lot of money or continuing to get a lot of money from allies. The Japanese have contributed $2 billion plus over the past 15 years for American facilities. The NATO allies have agreed to double the infrastructure program. We are doing what we can with that, and we are trying to do more.

We are making dramatic and exciting use of what we call self-help. The soldiers, sailors, airmen, and marines are taking matters into their own hands. They are fixing up their own workplaces. They are doing this, saving a lot of money for the taxpayers, and winding up with greatly increased pride in themselves and in the work they do.

REFURBISHED FACILITIES AT BEALF AIR FORCE BASE

I was at Beale Air Force Base on Monday of this week in California and just saw all sorts of newly refurbished facilities. I went to the civilian personnel office, staffed all with civilians. They had been and they still are in a World War II wooden building, and the people that work there themselves had gotten 2 by 4's and drywall out of the base supply, built partitions, lowered ceilings, converted this ramshackle, run-down facility into a place that they were proud of.

And the civilian personnel officer, Mr. Lee Arguello, told me that not only do these people have good facilities but it has created an atmosphere of teamwork for the first time in his experience, his long experience, as a civilian personnel officer. That is a good deal for the taxpayer.

We are also getting increased use of private investment on our bases. We have talked about the excellent 220-unit housing area that was built at Fort Ord, CA, with private money and no obligation to the taxpayers.

MODEL INSTALLATION PROGRAM

Another example of our stewardship, that I am especially proud of, is the model installation program. This is an effort to give commanders greatly increased authority to run their bases. They have produced innovation and enthusiasm that has increased national defense capability. Based on the results from model installations, Deputy Secretary Taft has directed that all installation commanders get more authority to decide how best to accomplish their missions.

In closing, Mr. Chairman, I would just like to repeat, I hope you will sign on to the priorities that our installation commanders and the Secretary of Defense place in providing excellent facilities for our troops to work and to live.

This completes my summary, Mr. Chairman.

[The statement follows:]

STATEMENT OF

MR. ROBERT A. STONE

DEPUTY ASSISTANT SECRETARY OF DEFENSE

(INSTALLATIONS)

Mr. Chairman and Members of the Committee:

INTRODUCTION

I am delighted to be with you this morning to present the Department's FY 1988 and FY 1989 requirements for military construction. I look forward to working with you in seeking innovative ways to ensure that we are providing quality facilities for our Defense establishment. Our goal is to provide excellent installations for our people who carry out defense missions in peacetime and in war.

PROGRAM CONTENT

For Fiscal Years 1988 and 1989 we are requesting appropriations of $10.1 and $10.6 billion respectively. Each year's request comprises about $7.0 billion for actual construction work, $2.5 billion for operation and maintenance of family housing, and $500 million for planning and design. Seventy-five percent of the construction is within the continental United States.

Military Construction is only 3% of the total Defense budget request, but it is a very important investment with a high pay-off.

RETURN ON THE INVESTMENT

The facilities that we are seeking represent an investment in Defense people -- an investment that will be repaid in the form of improved pride, performance, and combat readiness. We invest billions of dollars in weapon systems, but we must remember that people are the most important factor in putting these systems to use.

Field commanders have expressed often the high priority they place on facilities. For example, General Rogers said recently, "Combat capabilities of our forward deployed forces are directly related to the quality of the facilities in which those forces work and live".

Secretary Weinberger's recent news release on our gains in recruiting and reenlistment is a major success story partly attributable to excellent installations. He said that our successes were related to the military members' resurgent pride in self and service. We believe that increased pride reflects our increased investment in facilities for our people.

An investment in facilities pays back quickly -- not only in higher morale, increased pride, and better readiness, but in productivity of the people. A modernized aircraft maintenance hangar, for example, will pay for itself in 15 years if each person assigned to the unit increases productivity by only 3 minutes each day. It's a sure bet that we get far more than that when we provide efficient, modern workplaces that our people can take pride in. Investing in people by providing them the excellent working and living conditions they deserve is the smart, businesslike thing to do.

However, looking at our installations today, we see that we have not yet achieved the modernization of facilities required. Our physical plant, accumulated over 200 years, is worth about $450 billion. We need to invest at least two percent of this amount in new construction each year; that is equivalent to

replacing buildings on the average every fifty years. Industry does much better.

Our budget request falls short of the two percent requirement: our rate of replacement would only be 1.7 percent if you support our request in its entirety. That means we'll be replacing the average facility every 60 years. Right now, based on appropriations we received in recent years, our rate of replacement is 1.3%, or every 77 years.

Clearly, that's far too long to stretch out needed modernization to support the requirements dictated by changing technology, new weapon systems, improved life styles, and deteriorating structures. However, with your support of the program now before you, we will move closer to our goal, and protect the investments we have already made.

OVERSEAS

We have a special obligation to provide for our people overseas. We have made great strides forward in recent years, thanks in large part to the strong support of the Committee. Still, we have a long way to go. Improving working and living conditions overseas remains one of our highest priorities.

Much of this improvement has come -- and will continue to come -- from allied contributions to American forces.

For example, since 1972, Japan has spent $1 billion to build facilities for us in exchange for our vacating land they wanted for other purposes; that's in addition to about $1.7 billion they provided in other facilities. Also, our NATO allies doubled their commitment to infrastructure funding for the 1985-1990 period. We're continuing to push for increased support from our allies.

Our forward deployments are not, however, for the convenience of our allies. They represent a broad American consensus that forward defense is the most effective and efficient defense of America. The responsibility to support our troops is ours. That's why we are requesting about $1.9 billion

each in fiscal years 1988 and 1989 for overseas construction. I'd like to highlight three clear examples of the challenges we need to meet.

First is the need for hardstands and maintenance shelters in Europe to maintain the Army's frontline tanks. One need only to look--as many American soldiers do almost daily--at where German soldiers work, to see what excellent tank maintenance facilities ought to be. Their maintenance areas are all paved while we still have about 90,000 soldiers working in the mud. Rains turn the tank maintenance areas to mud every fall, and then in the winter to ice. Maintenance becomes extremely difficult--sometimes impossible.

We know that the troops would have to operate in the mud in wartime, and they need to train that way in peacetime. But they ought not to have to spend all their time that way. Lack of decent maintenance facilities--indeed any facilities at all--to work in, erodes the soldiers' sense of professionalism and pride.

Good maintenance facilities will lead to improved morale, efficiency, and readiness. The Army has a program to eliminate maintenance in the mud, but it will take until 1996 and cost $450 million --about $5,000 per soldier.

The second example is the need to relocate the Naval Support Activity, Naples, Italy because of its extreme vulnerability to seismic activity. Based on a Navy study and on the preliminary results of a GAO study, there is a clear danger of the buildings collapsing, with a sudden loss of our ability to command and control our Naval forces in the Mediterranean. Such an occurrence would be a disaster. We need to replace these facilities on a schedule of our choosing rather than of nature's.

My third example is our need to provide support facilities to the airmen at our new ground-launched-cruise missile bases, and to their families. We continue to be frustrated in our efforts to construct the needed morale, welfare, and recreation facilities at new bases overseas. We are asking for

appropriations of about $18 million to construct such facilities (Libraries, Youth Center, Theater, Recreation Center, etc.) at the GLCM sites.

The story of our frustration is simple. Two House Subcommittees refused to allow us to spend appropriated funds for these facilities, saying that we should build them with non-appropriated funds. Then we sought authorization from the House Readiness Subcommittee, which oversees the use of non-appropriated funds. It refused, saying that we should build them with appropriated funds.

We agree with the Readiness Subcommittee's conclusion that our policy to use appropriated funds is correct. Our airmen, the source of nonappropriated funds, should not be made to pay for our national policy decision to deploy cruise missiles to the UK, Italy, Germany, Belgium, and the Netherlands.

We need your support.

IMPROVED STEWARDSHIP

We are constantly striving to improve our stewardship of the nation's military installations. We are moving ahead in a variety of ways to ensure we are getting the best and most for the taxpayers's dollars.

First, we make the best use we can of dollars that do not come from the taxpayer. I have already mentioned allied contributions and the nonappropriated funds that come from our servicemembers. We are also making increasing use of private investment to provide needed facilities.

For example, a private developer built and is operating an excellent 220-unit housing area at Fort Ord, CA, at no cost to the government. And at Fort Drum, New York we have solicited proposals for a temporary lodging facility to be built and operated by a contractor at no cost or obligation to the government.

We have also been successful in attracting private financing through use of the authority you gave us for build-to-lease and

rental guarantee family housing. We have signed contracts for 4,800 leased, plus 1,400 rental guarantee units.

Another example of improved stewardship is the model installation program. Commanders at these installations have been given greatly increased authority to run their bases. They have produced innovation and unleased enthusiasm that increased national defense capability. Based on the results of the model installations program, Secretary Taft has issued a new directive that gives all installation commanders more authority to decide how best to accomplish their missions.

In our continuing effort to do better, we are proposing some legislative changes that we believe will materially improve our management efficiency. We are asking again to increase the minor construction approval limit from $1,000,000 to $2,000,000. This change will allow faster construction, at a lower price, and flexibility to adjust to changing economic conditions and plans. Our major commanders (principally four - star generals and admirals) will be able to approve small projects without going through a two year, or longer, review and approval process.

Another change is premobilization construction authority. This provision would permit the Secretary of Defense to use unobligated military construction funds for up to $100 million to support mobilization prior to formal declaration of war or national emergency. The authority is needed for the Secretary of Defense to initiate the long leadtime support necessary to effect an orderly call-up of reserve forces. The lack of such authority has been identified several times as a weakness during mobilization exercises. The Secretary of Defense has parallel authority to call up members of the Ready Reserve prior to mobilization.

SUMMARY

In summary, I ask that you view this budget request in the context of our need for a strong Defense. These projects are

being requested because operational commanders on the scene, those whom we charge with responsibility for the mission, decided they are needed, and proposed to fund them within the dollars available to accomplish their missions. These commanders successfully defended their judgments through several layers of command review in a stiff competition for limited resources.

Military construction remains a high Defense priority, because it is an investment in our most valuable asset - our people. Protecting our investment is a prudent use of funds. We cannot afford not to make this investment, because we know it will pay us back in improved pride, efficiency, and combat readiness.

Thank you Mr. Chairman. I am now ready for your questions.

COMMITTEE SUPPORT FOR MILITARY CONSTRUCTION PROGRAMS

Senator SASSER. Thank you, Mr. Stone.

Before turning to the other members of the subcommittee for any opening statements or comments they might make, I want to assure you that, in my view, this subcommittee shares your view that well-planned and well-executed military construction projects increase force readiness and efficiency, and family housing and quality of life projects, in my view, play a significant role in determining how long we can keep many of our servicemen beyond their initial enlistments.

On a personal note, I might say that I myself as a youngster lived in military housing and went to post schools, so I know something about the impact that has on the quality of life and family morale. But, frankly, this committee has been very generous to the military construction and family housing accounts, in my judgment, since 1981. We have provided an average of 10 percent annual real increases—that is, increases corrected for inflation—for military construction, and no other appropriations subcommittee has been so generous.

In the last year or so, we have been faced with a troubling situation with growing deficits and the enactment of the Gramm-Rudman-Hollings bill. The overall 050 national defense budget function has been held to no real growth. When the full committee allocated the 050 funds which were available, military construction was constrained along with all of the other defense accounts in the same way. It is my hope that we can reverse that trend this year.

Now, in our report to the Budget Committee 2 weeks ago, we made the case that military construction should receive a priority. Let me just

read to you from our report, the report of this subcommittee, to the Budget Committee.

The committee notes that while the Department of Defense has requested 3 percent real growth in budget authority for the total 050 national defense function, the increase for the military construction and family housing accounts is 18 percent, six times larger. The request, therefore, represents the relative priority the Department of Defense places on military construction and family housing activities, a priority shared by the Committee on Appropriations. The committee believes that any allocation for military construction and family housing based on budget resolution assumptions should reflect this priority.

That was the testimony of this subcommittee before the Budget Committee, and I want to include a copy of those remarks in the record at this point in their entirety.

[The information follows:]

MILITARY CONSTRUCTION

The military construction appropriations bill provides funding for construction at military installations worldwide as well as construction and operations of family housing. The military construction bill represents only 3 percent of the national defense budget function (050). However, funding is being requested for almost 1,300 new construction projects and operation of over 400,000 family housing units.

The fiscal year 1988 request of $10,072,957,000 in budget authority represents an 18-percent real increase ($1,900,000,000) over the amounts approved by Congress for fiscal year 1987. The fiscal year 1988 request anticipates $8,173,906,000 in budget outlays. Since military construction projects outlay very slowly in the first year, projected fiscal year 1988 outlays represent a real increase of less than 1½ percent over estimated fiscal year 1987 outlays.

The committee notes that while the Department of Defense has requested 3 percent real growth in budget authority for the total 050 national defense function, the increase for the military construction and family housing accounts is 18 percent, six times larger. The request, therefore, represents the relative priority the Department of Defense places on military construction and family housing activities, a priority shared by the Committee on Appropriations. The committee believes that any allocation for military construction and family housing based on budget resolution assumptions should reflect this priority.

The committee, however, believes the pending request can be reduced to comply with the need to achieve deficit reduction targets. However, since hearings have not yet been held on individual projects, it is too early in the process to determine the exact amounts which can be cut by the committee. It is the preliminary view of the Committee that any reduction below $9,350,000,000 in budget authority and $8,020,000,000 in outlays would result in the elimination of many high priority projects including potential deferral of facilities to support new missions such as the Navy's homeporting initiative, the Army's light infantry division initiative, the Air Force's beddown of the advanced technology bomber, and construction associated with the strategic defense initiative.

DEPARTMENT HELP IN REDUCING CUTS AND REDUCTIONS

Senator SASSER. So I want to say to our friends at the Department of Defense that this subcommittee is going to need your help in keeping cuts and reductions to a minimum. We are going to fight for no less than 9 percent real growth, but we have got to have the ammunition to make the case. This request is, after all, DOD's request, and I might say that I have been unhappy—and I think maybe some Members of the subcommittee have been unhappy—about the failure of senior Depart-

ment of Defense officials to support these military construction requests adequately.

In fact, last year we included language on the first page of our report which read—and I will quote from this language:

> The Committee is concerned that for the past several years the Department of Defense's military construction requests have been reduced by a greater percentage than other defense appropriations. The Department of Defense continually, however, submits military construction requests that represent major increases over the amounts provided by Congress in previous years.
>
> While this appears to be a signal from the Department that they are not satisfied with the military construction appropriation levels provided and are seeking increases, there is never any special emphasis placed on the military construction accounts by the Defense leadership. The committee is fully aware that construction projects can wait in most instances and that there is relatively no outside interest in the program. Thus, it is essential that greater attention be placed on the program by the highest levels in the Pentagon for the overall program and not just for special items.

UNIMPRESSIVE BUDGET REQUEST

That is what we said in our military construction report language last year. Now, Mr. Taft, the Deputy Secretary of Defense, appeared before the Defense Subcommittee the other day, on which Senator Stevens is the ranking member. I raised these very issues with Mr. Taft. I told him if we were going to sustain large increases for military construction he was going to have to give us some help, give us some ammunition to make our case.

But I am sorry to report that the testimony he gave, in my judgment, missed the mark. It was at best a lukewarm endorsement for the military construction portion of the budget request. Worst of all, Mr. Taft had some rather stinging remarks for Congress for not supporting the budget that was requested.

Now, it is not tough words we need from top DOD officials. What we need for this military construction budget is cooperation. We need to have some real efforts made to sustain these requests that are made in our Milcon budget. I am going to continue to seek an endorsement of military construction and family housing from senior DOD and service officials when they testify before the Defense Subcommittee.

I want to be very frank. My enthusiasm when we get around to marking up the bill will reflect the enthusiasm we see coming from the officials and the services that have requested these projects. If senior DOD officials are simply going to give lip service to these military construction projects, then it becomes very difficult for us in the Congress, and particularly on this subcommittee, to carry these burdens for requests that are much larger than the increases in the other 050 budget accounts.

So, Mr. Stone, as the agent—and I think you are the agent of the Secretary of Defense, the Secretaries of the Army, Air Force, Navy, and also the members of the Joint Chiefs of Staff—I would like for you to take this message back, that, in this tight budget year, it is going to be very difficult to secure large military construction increases when domestic priorities are suffering, and the almost $2 billion increase that

you are seeking would go a long way toward minimizing domestic cuts and domestic reductions, and go a long way toward helping in some of the other DOD acquisitions.

So if you want this subcommittee to be in a position to be able to make your case successfully, you have got to give us some ammunition.

Now I have talked for a while. Do you have any response to these comments before I turn to my colleagues here?

Mr. STONE. Yes, Mr. Chairman, just a couple of brief ones.

I read your report to the Appropriations Committee and I admire the whole thing. I think it is great, and we will do what we can to help you support us. The other thing is, I will take that message back and personally make sure it gets to the senior leadership of all the military departments as well as the Defense Department.

Senator SASSER. Thank you, Mr. Stone.

Senator Reid.

Senator REID. Thank you, Mr. Chairman.

CONTRACT COMPETITION

I, of course, thank you for calling this hearing to examine—and I think we too rarely do this in the Congress generally—to overview the proposed military construction budget for next year. Correct priorities for spending Government dollars are desperately needed during this time of severe budget constraints.

I welcome you, Mr. Stone, and the representatives at the table with you to our hearing. I am pleased by the military's recent efforts to increase competition and their strong concern for a broad industrial base primarily shouldered by American small businesses. There are concerns I have, however, about how smart we are in applying the general principles of which I have just spoken—competition, building a broad industrial base, and supporting small business.

PACKAGING OF CONTRACTS

One issue that seems to address all three areas is the issue of packaging of contracts. This is a practice, of course, whereby several smaller contracts are combined and bid as one large contract. As our report on the military construction appropriation bill of 1987 indicated, there might possibly be some justification to this packaging practice to assist U.S. companies in winning American military overseas contracts.

However, in my opinion, packaging seems to be counterproductive or antagonistic to the three principles of competitiveness, broadening the industrial base, and favoring small businesses. I might even agree that on large, complex military hardware like nuclear submarines or F–16 aircraft we may need prime integrators. These are firms with tremendous technical expertise in a wide diversity of areas. These prime integrators are necessary to ensure that the multitude of subcomponents and subsystems on weapons are effectively and efficiently integrated. In short, you need technical wizards to put some of these sophisticated weapons together.

What about putting some unsophisticated, simple brick and mortar buildings together? Is the repair of an asphalt runway or the laying of sewer pipe so sophisticated that the military needs to hire an entire staff of prime integrators or technical experts to manage its construction?

Small business already has that expertise. In these cases the military, in my opinion, does not need bid brokers posing as experts. If America is to remain strong militarily in these days of fiscal constraint then we must learn to work smarter, not necessarily harder. We need to be smart in our application of competition, broadening the industrial base, and fostering small businesses.

The practice of packaging Government contracts needs to be looked at critically, objectively, and used sparingly at best. It should rarely be used when bidding Government contracts for work done in the United States.

Mr. Chairman, I have a series of questions that I would like to ask when the appropriate time comes for doing that.

Senator SASSER. All right. Senator Stevens.

Senator STEVENS. Thank you, Mr. Chairman.

SELF-IMPROVEMENT PROJECTS

I just want to report to the subcommittee I did take a trip out to the Pacific and I witnessed a lot of the things that the Secretary was talking about, where we have these self-improvement projects going on. They are really very proud of those and extremely cost effective—just extremely cost effective. I would urge you to go take a look at them if you have not, Mr. Chairman, because that is something I think from the point of view of morale it had more to do with morale than it did comfort in terms of the changes to their circumstances.

But it was really a very, very fine tribute to the program you are administering that so many of those young men and women were so proud of what they had done to improve their own conditions on their own time, with very little money from the central funds. I think we ought to encourage that. I think you ought to give the chairman and some of the rest of us some of the photographs of before and after conditions. I can think of two or three things we saw there in Korea that would be worthwhile, but they were in other places throughout the Pacific too besides Korea.

I agree with the statement the chairman has made and I think you made an excellent statement to the Budget Committee, and I would encourage you to heed his advice about some of the pressures on this military construction budget. I do have some questions I would like to submit for the record. I am going to go to another subcommittee, Mr. Chairman.

Senator SASSER. The questions will be included in the record, Senator Stevens.

Senator Proxmire.

Senator PROXMIRE. Thank you, Mr. Chairman. I do not have an opening statement, so I will yield.

OVERSEAS CONSTRUCTION

Senator SASSER. Mr. Stone, $1.9 billion is requested for overseas construction. Now we are going to have a special hearing of the subcommittee on burden sharing next week, so I do not intend to go into this issue in any great detail today, but I think you should know that it is the overseas projects that are in the greatest jeopardy.

In 1980, only $466 million was provided overseas, a fraction of the almost $2 billion you are asking for overseas construction, a fraction of what you have already asked for. Overseas construction has risen at a higher rate than any element of the budget that is presently before us, and this committee is not inclined to continue to pour hundreds of millions of dollars into foreign military construction to support our allies without some improvements in the contributions of our NATO allies and Japan.

You reported with some pride a moment ago that our friends the Japanese over 15 years have put slightly over $2 billion in support to our military construction projects. Well, Mr. Stone, I must say to you that that is not a very impressive figure, at least to this Senator, considering that the Japanese get 90 percent of their oil out of the Persian Gulf and that is protected, that thousands of miles of oil lifeline is protected all the way by American naval vessels until just a few hundred miles from the Japanese home islands.

Considering how robust their economy is, considering that they have waxed fat and prospered behind the American defense shield in that region of the world, the fact that they have put only $2 billion over 15 years in assistance to our construction projects in that region, I must say to you in all candor, is not impressive to me.

Now I have found that our allies are going to contribute what I perceive to be the absolute minimum to support our forces which defend their frontiers, and we find ourselves here almost one-half a century after the conclusion of the Second World War with 350,000 American troops in Western Europe, 41,000 civilians of the Department of Defense supporting those troops, and with almost 300,000 dependents in Western Europe.

I dare say that, when we see the expenditures that we make to support our military commitments in Western Europe, the support that our NATO allies give us in housing and sustaining these troops is going to be very puny indeed when the two sums are laid side by side.

I think it is going to take a sustained effort by U.S. officials to bring continuing pressure on our counterparts overseas to pay a fair share of facility construction. If our young military people are having to work on their tanks in fields of mud, we have some responsibility for that. But I think our West German allies also share some responsibility for that.

So I want to be very clear on this issue. I am going to insist that our allies pay an increased share of the common defense, and I hope that we can get the cooperation of senior DOD officials in pressuring our allies to pay more.

I might say that, unless we can get better cooperation from some of our senior Department of Defense officials in making the case that our allies should pay more, I am going to be less inclined to support more military construction expenditures overseas.

The stock response is that our allies are paying more, but paying more compared to what? I am willing to grant that there is some improvement, but I think these improvements fall way short of equitable burden sharing between our allies, and I think the economic situation is vastly different here in 1987 than it was in 1948 or 1950 or 1955. We now find that, on a per capita basis, their standard of living is now approaching and exceeding that of our citizens here in this country. So there must be genuine and real improvements, not mere window dressing.

Would you want to respond to that statement, Mr. Stone?

Mr. STONE. Yes, thank you, Mr. Chairman.

I do not want to give you the stock response or to say that our allies are doing more. Our allies, by every measure that we have been able to devise, I guess every measure but one, are not doing nearly enough, and the defense leadership has for years now been pressuring leaders of our allies to do more and more. We have made some progress, some important progress, but not nearly enough.

I might mention the one measure that I think our allies are doing respectably well in, and that is there is a sizable burden on society in Germany, in Japan, in Italy, and in other places from the presence of massive amounts of foreign troops, largely American but including those of other countries. Just about any little town in Germany has tanks exercising, driving through the streets, American and other allied guns firing all night, airplanes flying noisily overhead. That is an area where allies are making a big contribution.

As far as financial support, not of their defense but of the common defense, I agree with you that they are not doing as much as they ought to be, and the defense leadership is committed to trying to convince them to do more.

Senator SASSER. Before getting into some questions on family housing, I want to turn to my colleagues to see if they have additional questions. Senator Reid.

Senator REID. Thank you very much, Mr. Chairman.

PACKAGING

I do want to followup on some of the issues that I raised during my opening statement. Are you familiar with the term "packaging" as it is used in the contracting businesss?

Mr. STONE. Yes, I am, Senator Reid.

Senator REID. In last year's Senate report on military construction in the appropriations bill the issue of packaging of contracts overseas was addressed. Today I am interested in another facet of that issue—packaging of contracts for construction within the United States.

Can you tell me how much packaging of military construction projects within the United States currently takes place and, if not, could you supply that to me?

Mr. STONE. I would be glad to supply it for the record, Senator.

Senator REID. It is going on in the United States, though; is that right?

Mr. STONE. Yes, it is.

[The information follows:]

AWARDED PROJECTS

During fiscal year 1986, 614 fiscal year 1986 projects (including those projects under $1 million) were awarded within the 50 States. Of those awards, 13 contracts consisted of a package of two projects; 2 contracts consisted of a package of three projects; and 3 contracts consisted of a package of four or more projects.

COMPETITION ON PROCUREMENT

Senator REID. Because of the Competition in Contracting Act [CICA] of 1984, it is my understanding that the Department of Defense is required to support full and open competition in its procurement activities. When a project is deemed to be necessary by DOD, what kind of report or what kind of effort is made to ensure that it is not initially designed or packaged to exclude small businesses from a full and open opportunity to competitively bid?

Mr. STONE. Senator Reid, I would like to ask one of my colleagues, Admiral Jones, to comment on that.

Senator REID. Please. Admiral?

DESIGN PACKAGING

Admiral JONES. We have been encouraged by various subcommittees of the Congress to accomplish design packaging as well as construction packaging when it makes good sense to us, and we do that. We have like facilities, for instance, in a place like—I will just give you an example—Seal Beach. The Navy has a weapons station at Seal Beach with a project in a fiscal year for magazines of one kind and a project in the same fiscal year for magazines of another kind, both projects being in close proximity to each other.

It makes good sense to package the design and it makes good sense to package the construction from the standpoint of economy of scale, getting a better price for the job, and I believe that you are interested in a packaging that was done at Fallon.

Senator REID. That is right.

Admiral JONES. We did package five projects at Fallon this past year, opened the bids and made an award in February, if I am not mistaken, last month. We put those five projects in a package for what I believe to be very good reasons. First, we looked at the pricing that we could expect without packaging and we knew those jobs, those projects, were priced very tightly.

They also had undergone the hit from Gramm-Rudman, so we had lost 4.9 percent of our buying power on each one of those projects. And we felt the only way we were going to bring that project home was to package it, and we did so and we were successful.

That was not the only reason. The dollar impact was not the only reason. In some of those cases, those projects were in a very constrained site and it would have been difficult for more than one contractor, or certainly more than two, to work in that area. The laydown area for the contractor was limited and they would have been kind of falling all over each other. So we thought it made good sense to package in that case, and I think, in retrospect as I look back on it, it still made good sense to package in that case.

But that does not mean we package a lot of places and a lot of projects. We do it when we have what we believe to be a good reason. And that is some of the things we considered at Fallon—the constrained site, like types of work and so forth. It is not a standard practice to do it in every case, and, in fact, we do not do it as much as—well, I cannot give you a specific example, a specific number for the size of the program that is packaged as opposed to a program that is not packaged. But we do it when it makes sense to us.

FALLON, NV, PACKAGING

Senator REID. My concern is that with the work that was done at Fallon I think this year the construction at Fallon is over $20 million. There was only one Nevada firm bid on that because of the manner that it was packaged. There is no Nevada contractor in there now and my concern is that if this is carried to the extent that it very easily could be that we would have small contractors simply not being able to bid on these jobs because the bid brokers would in effect take all the contracts.

Admiral JONES. Well, we have like 266 projects or thereabouts in our 1987 military construction program, and I will provide for the record the number of those that have been packaged together.

Senator REID. I would appreciate it.

Admiral JONES. It is not that extensive. I also would hasten to add that in the case of the Fallon, NV, packaging the prime contractor intends to subcontract about 40 percent of the work to subcontractors. It is clear to me that the local small business subcontractors in Nevada stand a very good chance of receiving almost $10 million of the $26 million contract, and clearly the Nevada labor force is going to provide the bulk of the labor that is used in the work there at Fallon.

So there is, aside from the fact that the small business contractors did not feel that they were able to compete, there is certainly still a lot of advantage accruing to the State of Nevada and the local economy because of this contract.

Senator REID. Will you supply for the record what you have indicated? Also, in supplying that information, would you also supply the dollar amounts, what dollar amounts do small businesses have as prime

contractors on Government construction contracts as opposed to being subcontractors?

Admiral JONES. Would you say that again, sir?

Senator REID. Yes; could you tell me what dollar amounts do small businesses who are acting as prime contractors, as contrasted to subcontractors—is there a way you could break that down for me?

Admiral JONES. Yes; I can provide that for the record also.

[The information follows:]

PACKAGED PROJECTS

Twenty-four out of two hundred sixty-six projects were packaged in the fiscal year 1987 program.

SMALL BUSINESS UTILIZATION

The dollar amounts for military construction contracts administered by the Navy for small businesses acting as prime contractors and subcontractors are as follows:

[In thousands of dollars]

	Fiscal year—			
	1983	1984	1985	1986
Prime	1,315,326	1,333,248	1,758,455	1,328,141
Sub	75,654	95,789	100,981	130,000

The prime contractor for the $26 million Fallon, NV, contract has awarded four subcontracts to Nevada firms totaling approximately $9 million as of this date. The prime contractor anticipates that a large percentage of the remaining approximately $8 million of subcontracts/procurements will be to Nevada contractors. The prime contractor and the subcontractors have not hired all the labor for the job yet. Based on historical data of other contractors and an analysis of the percentage of work performed by the prime contractor, it is anticipated 80 percent of the labor force will be Nevada residents.

Senator REID. Mr. Chairman, there are some written questions I want to submit about bid brokering, and I will do that and not take more time now.

Senator SASSER. They will be included in the record.

Senator REID. Mr. Chairman, on this important issue, I think it is important that the military services be asked to provide us details on how they have used packaging on contracts done within the United States. All contracts of $1 million and above over the last 5 years should be examined for the use of this practice. Additionally, the small business set-aside goals and accomplishments, in terms of both a percentage of the military construction budget and in actual dollars, broken down by prime contractors and subcontractors—subcontracting plan and otherwise—would give us a clearer picture of what has been taking place. Thank you Mr. Chairman.

[The information follows:]

Fiscal year awarded	Total contracts awarded	Contracts packaging		
		Two projects	Three projects	Four or more
1982	348	4	1	0
1983	360	14	3	1
1984	422	12	4	2
1985	554	14	2	1
1986	597	15	2	3

Small business set-aside goals are given to the services for all contracts, then the services decide what the Milcon goal should be. The following tables address the goals and accomplishments of each service.

[Dollar amounts in millions]

	Fiscal year—				
	1982	1983	1984	1985	1986
ARMY					
Prime contractor:					
Goal (percent)	33.6	33.8	34.2	37.0	45.0
Goal (dollars)	548	626	794	1,150	1,634
Actual (percent)	43.5	50.2	55.9	50.8	42.0
Actual (dollars)	710	930	1,297	1,579	1,525
Subcontractor:					
Goal (percent)	(1)	(1)	(1)	(1)	(1)
Goal (dollars)	(1)	(1)	(1)	(1)	(1)
Actual (percent)	(2)	(2)	(2)	10.0	9.4
Actual (dollars)	(2)	(2)	(2)	312	340
NAVY					
Prime contractor:					
Goal (percent	(1)	(1)	40.0	40.3	60.0
Goal (dollars)	(1)	(1)	874	1,080	1,464
Actual (percent)	42.1	45.2	57.7	60.0	53.1
Actual (dollars)	842	1,307	1,261	1,607	1,295
Subcontractor:					
Goal (percent)	(1)	(1)	(1)	(1)	(1)
Goal (dollars)	(1)	(1)	(1)	(1)	(1)
Actual (percent)	(2)	2.6	4.4	3.8	5.3
Actual (dollars)	(2)	76	96	101	130

[1] Goals not set.
[2] Information not available.

NOTE.—The Army figures for subcontracting contain both Milcon and civil works. Breakout not available by each program.

AIR FORCE

The Air Force is not its own construction agent. Therefore, they do not have the information necessary to answer the questions on small business set-aside goals and accomplishments. However, the Air Force contracts managed by the Army and Navy have been included in their figures in answering this question.

Senator SASSER. Thank you, Senator Reid.

I might say before calling on Senator Proxmire that I share Senator Reid's interest in trying to direct as much of DOD's expenditures as we can in the direction of small business. I am the second ranking member on the Small Business Committee, and I think DOD needs to do a better job of directing funding in the direction of small business and engaging small business contractors wherever possible.

Senator Proxmire.

EFFECT OF POSSIBLE MISSILE AGREEMENT ON OUTLAYS IN EUROPE

Senator PROXMIRE. Thank you, Mr. Chairman.

Secretary Stone, how would your current military construction request change if we reach agreement with the Soviet Union on the reduction of theater nuclear weapons in Europe? It seems to me offhand there should be less cost to deploy U.S. missiles and for housing U.S. personnel involved in operating and maintaining and so forth the missiles.

Mr. STONE. Senator Proxmire, we have about $80 million of construction we are requesting for the six cruise missile sites and there is no construction requested for the Pershing-II sites. If we reached an agreement with the Soviet Union to, say, the zero option, we would likely not need any of that money. There is no way now to judge what kind of an agreement we will reach or indeed whether we will reach an agreement.

MILITARY CONSTRUCTION BUDGET IN WISCONSIN

Senator PROXMIRE. Secretary Stone, I know that you are use to having Senators ask parochial questions, and I am going to ask you a parochial question about Wisconsin and about what kind of military construction we get there.

As you know, we pay about 2 percent of the taxes. I figure if we got our fair share based just on that basis that we would get of your $10 billion budget, about $8 billion of which is spent in this country, we would get $160 million. Actually, we get about $12 million.

Now I want to point to one particularly urgent area. The Wisconsin National Guard has acquired 46.3 acres of prime real estate in Milwaukee for new construction at Billy Mitchell Field. The price—and you can see what Milwaukee sacrificed—the price was $1 for the 46 acres in Milwaukee. Now the 128th Refueling Group has been given an additional KC-135E aircraft, with more expected. They desperately need military construction to support these aircraft, to get the planes off the ground in the required time.

The construction would cost $4.9 million. Are you familiar with that situation?

Mr. STONE. No; I am not, Senator.

Senator PROXMIRE. Well, would you give me a response, if you can, for the record, because we are very proud of our National Guard operation. In all the competitions it has entered it has been No. 1. It is right out in front. And, of course, the National Guard generally, as you know, does a superb job in many areas, especially in the Air Guard. And so this would be very, very helpful to us.

Mr. STONE. We will be glad to provide you that information.

[The information follows:]

KC-135 INSTALLATIONS

The Air Force announced plans in January 1987 to increase the number of KC-135 primary authorized aircraft [PAA] from 8 to 10 at five ANG installations, including Gen. Billy Mitchell Field, WI. This action is scheduled to take place in the first quarter of fiscal year 1988. Prior to the Air Force decision, the Air National Guard conducted feasibility studies of the KC-135 installations to determine which would receive the proposed additional aircraft. One of the primary considerations in this study was the ANG bases' ability to accept the expanded mission without major construction or acquisition of additional real estate. The conclusion of the feasibility study was that Gen. Billy Mitchell Field and the four other selected bases could accommodate the two additional aircraft without major military construction projects or additional land.

The Air National Guard initiated action in 1985 to acquire from the city of Milwaukee, a nominal cost lease for approximately 46 acres of property adjacent to the ANG base. Although the purpose of the lease was to provide for possible future expansion, the additional land is not needed to support the current Air Force announced action to increase the PAA. The 128th Air Refueling Group at Gen. Billy Mitchell Field has proposed a $4.9 million new aircraft alert complex to be located on the new property; however, this facility is not needed to support the proposed two PAA increase.

The ANG has programmed a comprehensive master plan study for the base that will establish a long-range development plan for the combined new and existing property and validate the need for possible future construction. The master plan will consider probable new or future mission expansion and address the unit's proposed new alert complex as it relates to these missions.

GENERAL AND SENIOR OFFICER CONSTRUCTION

Senator PROXMIRE. Now let me ask you something that is not quite parochial, at least not in that same sense. In light of the severe housing shortage that exists for some of the military personnel, especially out on the west coast and in some areas overseas, how much general and senior officer construction is DOD seeking in the fiscal year 1988 request?

Mr. STONE. Gee, not very much. I do not have that number at hand.

Senator PROXMIRE. Could you tell me what the unit cost would be?

Mr. STONE. Let me consult with my colleagues. Do you have any numbers on that?

Admiral JONES. We have no general officer quarters and, to my knowledge, no senior officers quarters. We do have some very limited number of units for junior officers. In fact, that number is 20, Senator, in our program.

Senator PROXMIRE. It is 20 for the Navy?

Admiral JONES. Yes, sir; 20 units of family housing for junior officers in the entire Navy 1988 budget.

Senator PROXMIRE. How about senior flag rank?

Admiral JONES. None, sir.

General DACEY. And we have none in the Army this year.

Mr. STONE. And none in the Air Force.

Senator PROXMIRE. That leaves the Marine Corps, does it not?

Admiral JONES. I speak for the Marine Corps as well there, sir.

Senator PROXMIRE. I take it then you have no plans for new general and senior officer housing in the 1988 request; is that right?

Mr. STONE. Apparently so.

SPECIAL COMMAND UNITS

Senator PROXMIRE. Let me ask you, I want to follow up on that a little bit in spite of the fact that for this year you seem to be doing about as well as you could be expected to do. What are the criteria for DOD's designation of certain officers' units as special command units? Also, what does that mean in terms of special furnishings and other accouterments that are not normally afforded other general and senior officer quarters?

Mr. STONE. I am not sure of the entire regulation, Senator. Special command units would be special command positions which would be positions of command rather than staff types of positions. They would be positions that would be leadership of military units. The principal distinction that I am familiar with in such special units, we are entitled by law to build with 10 percent more floor space, although the legal allowance on size is, in my judgment, modest.

Senator PROXMIRE. Does each military installation, worldwide, that provides some form of on-base housing have at least one unit that has at one time or another been designated as a special command unit?

Mr. STONE. I doubt it, but I am not certain.

Senator PROXMIRE. What are the reasons for the special command designations?

Mr. STONE. Senator, I am just not sure of the details. It is not something that has come up very often in my experience.

Senator PROXMIRE. For the record, then, will you give me the total number of special command designations in the 1988 budget and what is the total cost to be incurred in carrying out those special designations?

Mr. STONE. We will be glad to.

[The information follows:]

SPECIAL COMMAND POSITION

A position is designated as a special command position if the incumbent is a general or flag officer or a civilian official of equivalent rank and if the protocol responsibilities require the incumbent to represent the interests of the United States in official and social entertainment activities involving foreign and/or U.S. dignitaries of high governmental and/or military rank, and outstanding members of the business, industrial, labor, scientific, and academic communities. In general, each position occupied by an officer in grade 0–10 is designated as special command. A position requiring an officer of lesser rank may be authorized special command designation if the incumbent is (1) responsible directly to the Secretary of Defense or the Secretary of a military department, (2) the top U.S. representative in an international political or military group, or (3) the commandant, director, president, or superintendent of a DOD or service college or academy.

The incumbents of special command positions may be provided additional amenities commensurate with the required level of official entertaining. Furnishings may be provided for the entertainment areas, such as living and dining rooms, as well as for guest bedrooms if overnight accommodations of official visitors is required. Special allowances of table linen, china, glassware, silver, and kitchen utensils are also authorized for use in special command position quarters.

The total number of special command positions in the fiscal year 1988 budget and the total costs to be incurred in carrying out those positions follow:

Army.—There are 45 special command position quarters in the Army's 1988 budget. The Army does not track costs of individual quarters unless those costs exceed $25,000 for the fiscal year. Total costs exceeding $25,000 each are to be incurred by 11 of these quarters in the 1988 budget.

Navy.—There are 14 special command position quarters in the Navy's 1988 budget. The total cost to be incurred by these quarters in the 1988 budget is $651,700.

Air Force.—The Air Force does not accumulate separate cost data for special command positions. However, there are currently 14 quarters assigned against specific special command positions. There are an additional five special command positions that receive Air Force housing support but are not assigned to specific units since the positions are rotated among the services. Total costs exceeding $25,000 each are to be incurred by two of these quarters in the 1988 budget.

Marine Corps.—There are three special command position quarters in the Marine Corps' 1988 budget. The total cost to be incurred by these quarters in the 1988 budget is $98,083.

FAMILY HOUSING DEFICIT AND MULTIYEAR HOUSING PLAN

Senator PROXMIRE. Thank you very much, Mr. Chairman.

Senator SASSER. Thank you, Senator Proxmire.

Mr. Stone, at this point in the record I would like to insert the most recent copy of DOD's family housing deficit and multiyear housing plan.

[The information follows:]

Department of Defense
Multi-Year Housing Plan

Deficit

The current U.S. and overseas programmable housing deficit based on evaluation of the September 1985 housing surveys and current OSD suitability criteria is presented below. The data has been reduced by the number of new units authorized in the Fiscal Year 1987 legislation.

	U.S.	Foreign	Total
Army	9,528	7,035	16,563
Navy	18,840	2,351	21,191
Air Force	8,672	12,895*	21,567*
Marines	5,075	42*	5,117*
Defense Agencies	0	13	13
Total	42,115	22,336	64,451*

Specific breakdowns of the deficit by Service by location are attached as Enclosure 1. Programmable deficit is limited to 90 percent of the requirement for locations in the U.S. and 80 percent of the requirement for foreign locations. Exceptions are noted on the attachments. The only Defense Agency deficit is for 13 units at classified locations overseas for the National Security Agency.

Plan

The five year (FY 1988-1992) acquisition plan in the table below proposes a mixture of Military Construction and Leasing to reduce the deficit. The plan is based on our current force alignment and known changes.

	U.S.		Foreign		Total	
	MILCON	801	MILCON	Build/Lease	MILCON	Lease
Army	6,028	3,500	3,125	3,910	9,153	7,410
Navy	6,900	5,000	800	0	7,700	5,000
Air Force	2,774	4,350	4,600	1,500	7,374	5,850
Marines	3,092	740	0	0	3,092	740
Defense Agencies	0	0	13	0	13	0
Total	18,794	13,590	8,538	5,410	27,332	19,000

* These numbers include 4,474 Air Force units and 42 Marine Corps units in Japan which will be provided by the Japanese Facilities Improvement Program (JFIP) and 2,615 units in Korea which will be required should the accompanied tour policy be implemented. Army and Navy requirements in Japan are not included in the above totals, but will also be provided by the JFIP.

Specific locations for the FY 1988 and FY 1989 MILCON portion of the plan are identified in this year's budget submission. The FY 1990-1992 locations will be selected from deficit areas in the follow-on budgets based on the Services' evaluation of where the units will provide the greatest relief. Locations of leased projects will also be selected from areas with identified deficits.

The Appropriate Congressional committees will be consulted on proposed locations of CONUS Build-Lease (Section 801) projects. Proposed 801 lease ceilings will also be presented to the committees for approval prior to bid opening. Moreover, an economic analysis comparing the selected proposal to

military construction, and which shows a five percent savings, will be submitted for approval prior to award. For foreign Build-Lease an economic analysis comparing leasing to other alternatives will be submitted with future Title 10 requests.

In addition to the leasing and MILCON acquisitions described above, the Department will continue to utilize other tools to reduce the deficit. The 802 Program, particularly on-base, and projects based on the Department's authority to outlease government land (Section 2667 of 10 U.S.C.) show promise but both are in the development stage and cannot be counted upon to substantially reduce the deficit in the near term. We will continue to encourage the local, private housing industry to develop units to meet our housing needs.

Criteria

Build-Lease (801 & foreign) is considered a good alternative to MILCON when:

- 0 Ownership by the government after the lease period is not considered essential.
- 0 An economic analysis, mutually acceptable to both the Appropriate Congressional Committees and the Department of Defense, shows that a leasing solution is cost effective.
- 0 Off-Base land is available for the project. Enclosure two provides the rational for development off-base.

Rental Guarantee (802)

- 0 Eight projects were advertised. On four of the projects we received no responsive proposals and no awards were made. Contracts for four other 802 projects have been awarded, none has been constructed or received permanent financing. Numerous changes to the FY 1987 law should make it easier to achieve a successful 802 project. The Department plans to execute more projects under the new law and evaluate the results prior to setting criteria.

Alternate Methods

The current programmable housing deficit outlined above is 64,451 units. When the requirements for Japan (4,474 Air Force units to be acquired using JFIP) and Korea (2,615 units should accompanied tours be granted) are subtracted, the programmable deficit is 57,362 units. The five year acquisition plan proposes a total of 46,332 units (27,332 MILCON and 19,000 Build-Lease). The shortfall of 11,030 units will be acquired in the fiscal years following FY 1992 and through alternatives to MILCON and Build-Lease some of which are described below:

Rental-Guarantee (802). As described above, we plan to continue to develop this program utilizing the new FY 1987 legislation. Generally rental rates are significantly lower than Build-Lease because they are tied to the Serviceman's Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA). These rates are based on existing housing rental rates which are lower than for new construction such as MILCON or Build-Lease. Because less money is available for construction we expect to get a lower quality unit than with MILCON or Build-Lease.

10 U.S.C. section 2667 outlease authority. The Air Force is pursuing two projects at March and Carswell AFB utilizing the Service Secretaries' authority to outlease government land. The program induces development by making Government land available at nominal cost to the developer, effectively passing the savings on to our Service personnel. Like 802, the rental rate is based on VHA and BAQ.

Capehart Program. The Capehart Program enabled the Government to acquire housing through a mortgage mechanism which spread payments out over a period of time. Total obligated authority for a project was required to be budgeted in the year authorized (as required by OMB Circular A-11) regardless of payment schedule offering no advantage over MILCON.

Private development. DoD policy is to rely on the private housing market as the primary source of family housing. With the change in the tax laws we expect less development of multi-family housing projects in the near future until rental rates rise to a point where development is more attractive. Our existing programs are important inducements for development in this new investment climate.

Feasibility of U.S. Manufactured/Factory Built Requirement on all New Foreign Leases.

The Build-Lease Program overseas is tied to the availability of private land. Currently we attempt to induce private landholders to construct projects for us with long term leases. Imposition of a U.S. manufactured requirement decreases the attractiveness of the program to the foreign landholder significantly. These landholders will simply find better investments for their land rather than offer Build-Lease projects for our people.

The MILCON U.S. manufactured requirement overseas is producing additional housing where building sites exist, however it is slow and has encountered stiff resistance in Portugal, Italy, Belgium, and the United Kingdom. Our execution rate for these MILCON projects has been sluggish with projects frequently taking over two years to simply get contracts signed. We recommend not imposing a U.S. manufactured requirement on overseas Build-Lease as it will significantly slow the supply of housing to the Service families.

Recognizing the conferees' concern with the current methodology used in the preparation of foreign economic analyses, the Department will require future analyses to conform to a standard format and assumptions. Economic analyses comparing the cost of military construction, other alternatives and corresponding foreign Build-Lease costs will be submitted to the Appropriate Congressional Committees with all Title 10 requests.

Summary

- We propose to meet the near term housing deficit with a 3 to 2 mix of MILCON and Build-Lease units which produce quality housing at an acceptable price.
- The Department will continue to pursue the 802 and 2667 alternatives.
- Build-Lease projects which conform to the above criteria will be pursued.
- We recommend not imposing a U.S. manufactured requirement for foreign Build-Lease projects. We propose to control the process by conforming to the acquisition plan proposed above and by submitting Office of the Assistant Secretary of Defense approved economic analyses which conform to a standard format with all Title 10 requests.

4 MAR 1987

PROGRAMMABLE DEFICITS BY LOCATION

Department of the Army

Inside the United States

Location	Officer	E-4-E9	E1-E3	Total
Ft. Bragg, NC	0	538	133	671
Ft. Benning, GA	0	822	80	902
Ft. Campbell, KY	109	278	62	449
Ft. Drum, NY*	208	470	210	888
Ft. Hood, TX*	75	678	46	799
Ft. Irwin, CA	60	345	146	551
Ft. Lewis, WA	0	344	0	344
Ft. Ord, CA*	163	1,182	0	1,345
Ft. Polk, LA*	133	1,044	480	1,657
Ft. Wainwright, AK	115	47	190	352
Oahu, HI (WESTCOM)**	13	572	735	1,320
Kwajalein Missile Range	200	50	0	250
Total Inside the U.S.	1,076	6,370	2,082	9,528

Outside the United States

GERMANY				
Ansbach	34	67	30	131
Aschaffenburg	32	58	25	115
Augsburg	6	76	42	124
Bamberg	0	163	77	240
Baumholder	56	175	95	326
Bayreuth	0	9	7	16
Bremerhaven	0	46	45	91
Darmstadt	78	0	0	78
Dexheim	3	64	81	148
Erlangen	0	58	0	58
Frankfurt***	0	537	99	636
Fulda	67	0	46	113
Giessen	0	30	17	47
Goeppingen	34	72	12	118
Grafenwoehr	3	26	0	29
Heilbronn	20	50	3	73
Hohenfels	43	48	5	96
Karlsruhe	2	39	18	59
Mainz***	22	0	36	58
Mannheim	53	421	106	580
Neu Ulm	4	44	71	119
Rheinberg	16	206	21	243
Schwaebisch Gmuend	3	54	30	87
Schwaebisch Hall	23	0	0	23
Schweinfurt	1	84	50	135
Stuttgart	47	562	184	793
Wildflecken	20	47	37	104
Wiesbaden	0	28	59	87
Worms	1	76	9	86
Vilseck	126	373	123	622
ITALY				
Livorno	44	224	28	296
PANAMA*	389	819	96	1,304
Total Outside U.S.****	1,127	4,456	1,452	7,035
GRAND TOTAL	2,203	10,826	3,534	16,563

*Locations programmed at 100 percent.
** Includes all services.
*** Current GAO audit indicates deficit may be eliminated.
**** Deficits in Japan to be satisfied using JFIP.

PROGRAMMABLE DEFICITS BY LOCATION

Department of the Navy

Inside the United States

Location	Officer	E-4-E9	E1-E3	Total
Newport, RI	16	523	148	687
South Weymouth, MA	47	119	50	216
New York, NY	93	437	93	623
Ballston Spa, NY	36	399	0	435
Warminster/Willow Grove/ No. Philadelphia, PA	21	174	38	233
Norfolk, VA	0	1,738	1,464	3,202
Cecil Field/Jacksonville, FL	100	283	81	464
Mayport, FL	156	562	311	1,029
Kings Bay, GA	197	1,290	99	1,586
Gulfport, MS	0	186	65	251
Charleston, SC	0	0	523	523
Long Beach, CA	73	854	166	1,093
Point Mugu/Port Hueneme, CA	27	0	159	186
San Diego, CA	110	2,049	1,448	3,607
San Francisco, CA	245	1,495	591	2,331
Moffett Field, CA	0	31	48	79
Everett, WA	86	577	72	735
Washington, D.C.	858	640	62	1,560
Total Inside the U.S.	2,065	11,357	5,418	18,840

Outside the United States

Bermuda, BWI*	1	148	0	149
Naples, IT**	60	406	0	466
Guantanamo Bay, CU***	0	325	42	367
Subic Bay, RP****	283	997	89	1,369
Total Outside the U.S.*****	344	1,876	131	2,351
GRAND TOTAL	2,409	13,233	5,549	21,191

*Assumes 100 percent programming in accordance with GOB request to house families on-base.
**Assumes replacement of leased units in conjunction with Project PRONTO.
***Programming limit is 100 percent.
****Programming limit is 100 percent. Also, assumes designation of community assets as unsuitable using criteria approved by OSD.
***** Deficits in Japan will be satisfied through the JFIP.

U.S. Marine Corps

Inside the United States

Location	Officer	E-4-E9	E1-E3	Total
MCB, Camp Pendleton*	501	2,191	1,389	4,081
MCAGC, 29 Palms*	0	299	107	406
MCAS, El Toro*	185	361	42	588
Total Inside U.S.	686	2,851	1,538	5,075

Outside the United States

MCAS, Iwckuni, Japan**	0	42	0	42
Total Requirement	686	2,893	1,538	5,117

*Programmed at 100 percent.
** To be satisfied through the JFIP.

PROGRAMMABLE DEFICITS BY LOCATION

Department of the Air Force

Inside the United States

Location	Officer	E4-E9	E1-E3	Total
Elmendorf AFB, AK	35	192	21	248
Bolling AFB, DC	0	0	13	13
Kelly AFB, TX	0	36	10	46
Robbins AFB, GA	0	0	16	16
Tinker AFB, OK *	117	305	77	499
Edwards AFB, CA	0	0	2	2
Los Angeles AFS, CA *	232	195	3	430
Onizuka AFS, CA *	30	158	18	206
Goodfellow AFB, TX	66	363	0	429
Mather AFB, CA	0	19	19	38
Maxwell/Gunter AFB, AL	0	0	18	18
Altus AFB, OK	0	16	95	111
Andrews AFB, MD	98	168	101	367
Dover AFB, DE	0	0	96	96
Hurlburt Field, FL	100	0	16	116
Kirtland AFB, NM	0	0	319	319
McGuire AFB, NJ	0	0	34	34
Norton AFB, CA	249	733	157	1,139
Pope AFB, NC *	98	342	132	572
Scott AFB, IL	0	0	69	69
Travis AFB, CA	0	99	15	114
Barksdale AFB, LA	0	111	65	176
Beale AFB, CA	0	0	42	42
Carswell AFB, TX *	0	108	102	210
Castle AFB, CA	119	60	48	227
Ellsworth AFB, SD *	26	95	164	285
Fairchild AFB, WA	0	0	413	413
FE Warren AFB, WY	0	0	155	155
Grissom AFB, IN	0	0	70	70
Holbrook STR, AZ *	0	6	5	11
KI Sawyer AFB, MI	0	0	138	138
Loring AFB, ME	0	0	185	185
Malmstrom AFB, MT	0	0	207	207
March AFB, CA	0	187	55	242
Minot AFB, ND	0	0	197	197
Pease AFB, NH	0	0	9	9
Plattsburgh AFB, NY	0	0	179	179
Vandenberg AFB, CA	0	0	172	172
Wurtsmith AFB, MI	0	0	94	94
Peterson AFB, CO	348	246	0	594
George AFB, CA	0	0	26	26
Holloman AFB, NM	0	0	14	14
Nellis AFB, NV	0	0	144	144
Total Inside the U.S.	1,518	3,439	3,715	8,672

Location	Officer	E4-E9	E1-E3	Total
Outside the United States				
Woomera AS, AS	0	0	3	3
Alice Springs AS, AS *	1	11	0	12
Lajes Field, Azores *	0	0	80	80
Rhein Main AB, GE **	0	0	9	9
Clark AB, R.P. *	140	1,160	536	1,836
Kadena AB, JA	0	2,480	1,537	4,017
Kunsan AB, Korea *	58	545	35	638
Osan AB, Korea *	160	1,670	147	1,977
Misawa AB, JA	77	163	127	367
Yokota AB, JA	0	0	90	90
Florennes AB, BE *	65	766	193	1,024
Bitburg AB, GE **	0	0	112	112
Hahn AB, GE **	0	0	264	264
Ramstein AB, GE *	0	552	270	822
Comiso AS, IT *	30	24	112	166
Camp New Amsterdam, NL *	51	172	23	246
Woensdrecht AB, NL *	58	396	71	525
Torrejon AB, SP	0	35	0	35
Ankara AB, TK *	38	21	0	59
Incirlik AB, TK	0	0	50	50
Izmir AB, TK *	30	137	3	170
RAF Alconbury, UK **	0	188	96	284
RAF Bentwaters/Woodbridge, UK **	0	0	41	41
RAF High Wycombe, UK **	0	0	18	18
RAF Upper Heyford, UK **	0	0	81	81
Total Outside U.S.	708	8,320	3,867	12,895
GRAND TOTAL	2,226	11,759	7,582	21,567

* Indicates project programmed at 100%.
** Indicates foreign project programmed at 90%.

Projects in Japan will be built by the Japanese Gov't using JFIP program.

Deficit in Korea is based on requirement should accompanied tour policy be implemented.

Off Base

If the leased units are located on our bases we have exclusive use of the units for only 20 years. After 20 years we must permit the owner to lease the units to the public as well as our Service people. Should the Government not want to permit public access to the units, or wish to retain the units for the exclusive use of our Service personnel, we can buy the units. This is done through a right of first refusal, if the owner is willing to sell. Should the Government acquire a project, it must do so at a fair market price. Since the Government has already amortized the construction during the 20 year lease period, this amounts to paying for the project twice. If the Government acquires the project at a minimal or below market price then the original transaction is construed as a purchase, not a lease, and the total obligation authority should have been requested all in the first year not spread out over several years such as in a lease. There is also a tax problem if the transaction, because of below market acquisition, is construed as a purchase. An entrepreneur is permitted to depreciate the property over the life of a lease (lowering the lease payment to DoD at treasury expense) but would not be able to do so for a purchase.

The 801 Program has little fiscal credibility when executed on-base. If

we acquire projects at market price, we are paying twice. If we acquire them at below market price, we are making a purchase without requesting total obligation authority in the year authorized. Projects developed off-base have withstood fiscal policy scrutiny. After the lease period they need not be acquired and are available to our Service people as part of the local housing stock. This 801 execution scheme permits resolution of part of the housing deficit via annual payments instead of committing total obligated authority for the full cost of the project in the year of authorization.

In addition to the fiscal policy drawbacks of on-base development, legislative history indicates that 801 was envisioned as a way to induce development in the community to meet our needs.

The 801 Program can be more clearly justified from a fiscal and conceptual standpoint by development of off-base projects. Accordingly 801 should be used in areas where privately owned land is available. In areas where 801 projects cannot be accomplished on privately owned land, the 801 housing program may be an inappropriate means to satisfy the housing requirement.

FAMILY HOUSING DEFICIT

Senator SASSER. Now I was frankly disturbed to read that the Air Force is programming a family housing deficit of 2,600 units in Korea. To my knowledge neither this committee, the Congress, nor the senior levels of the Department of Defense support accompanied tours in Korea, and it is a mystery to me the circumstances which would change our position on this issue.

Korea is not, in my view, an appropriate location for accompanied tours. There are a lot of reasons why, not the least of which is the cost of housing there. By our estimates, accompanied tours in Korea would cost the American taxpayer $1.3 billion. This is $1.3 billion which needs to be programmed for other high-priority military construction needs.

Does this report indicate that DOD is planning to change the accompanied tour policies for Korea?

Mr. STONE. We have no plans to change the accompanied tour policies for Korea, Mr. Chairman. From time to time in recent years, senior commanders in Korea have expressed to me the idea that if they could have senior people there for longer tours they would have a better operation. We have been studying and reviewing and studying again possibilities, but we have no plans at this point to expand the number of accompanied tours or to build any houses there.

Senator SASSER. Good. Family housing for the military is big business. Do you wish to add anything to that, General Ahearn?

General AHEARN. I do. Mr. Chairman, the Air Force is indeed at Osan Air Base executing a lease project with the National Housing Authority of Korea to expand from about 200 to about 400 the numbers of accompanied military members that we have at the 7th Air Force which are key and essential to the leadership of the Air Force programs in Korea, and to house the senior leaders of the wings that are at Osan, to include senior enlisted people, so that we can have continuity of leadership over a period of 2 to 3 years rather than just one.

And that is the scope of the enterprise that I am aware of in Korea.

KOREAN TOUR OF DUTY

Senator SASSER. Don't we put people in Korea for 2 to 3 years?

General AHEARN. Yes, sir.

Senator SASSER. Two and three year tours in Korea.

General AHEARN. Two to three year tours in Korea, for the senior leadership, yes, sir.

Senator SASSER. As I was saying earlier, family housing is a big business and we are spending over $2.5 billion annually for the operation of more than 400,000 family housing units around the world. Another $1 billion, almost, is requested for family housing construction. Unfortunately family housing does not seem to get the attention or the oversight that the military construction projects themselves get, but family housing now accounts for more than one-third of the budget request.

In order to help the subcommittee understand the family housing program better, I have commissioned a comprehensive study by the General Accounting Office to provide the committee with better information regarding the potential for savings both in the maintenance and in the operation of family housing, and also an overview of the process by which family housing is programmed.

And I will say to you frankly, Mr. Stone, we are looking for ways to save money. Reports that I have received from field trips indicate that in some locations—not in all, but in some—we may be overfunding the legitimate family housing requirements. So I am going to depend on GAO to do an independent survey which I think will help guide some of our future decisions here and perhaps give us some better information or, if nothing else, just give us a fresh look and a fresh overview at some of the projects.

I wanted to bring this to your attention, Mr. Stone, and ask that you assure that the appropriate officials in DOD cooperate fully with the General Accounting Office.

HOUSING PRIORITIES

Mr. STONE. We look forward to the opportunity to work with them, Mr. Chairman. My own observation in extensive travel around military installations is, it is almost universally a top priority of the local commander, whether it is a theater commander or a battalion commander, for more housing, better housing for their people.

General Dacey asked for the opportunity to make a comment on that as well.

Senator SASSER. General Dacey.

General DACEY. Sir, just to point out one thing. If we do not provide a set of quarters for one of our soldiers or airmen then we pay them a basic quarters allowance and a variable or an overseas housing allowance based on where they are stationed. When we provide a set of quarters it is where we have found that there were not adequate quarters or affordable quarters for that person outside the gate of our installation.

But when we do that, sir, and what you do not see, is that we decrement the "Military pay" account and take those dollars and move them into the "Family housing" account. While it may appear as an increase it really is offset by a decrease elsewhere in the budget, and we do that only where we find it is necessary in order to provide the housing which we have agreed with the Congress we owe to our people when we bring them to a strange location, a different location than their former home.

General AHEARN. Mr. Chairman, to pursue from the Air Force perspective, the business of improving our family housing assets, we have got some 70,000 assets in real need of improvement. The scope of our backlog is so great that if we have erred we have erred on the down side rather than the high side of the investment in our capital improvement programs. I would welcome a GAO evaluation of the level of investment there.

Senator SASSER. Did you wish to make a statement, Admiral Jones?

Admiral JONES. If I might, Senator. The Navy is coastal and largely the areas that our people live in are high-cost coastal areas, and family housing in the private sector is unaffordable for our junior enlisted personnel. We have developed within the Navy an aggressive program which would permit us to eliminate our family housing deficit by about 1995. This year you will see in our family housing budget request a major program for new construction.

Our program basically is about 1,500 Navy units a year for the next several years, about 500 Marine Corps units a year for the next several years. We are also counting on the section 801 authority to be extended to allow us to acquire perhaps as many as 1,000 units a year of 801 family housing, for a total of about 3,000 units a year over the next several years.

We really believe that retention of our people, the morale of our people, and the quality of life is important. Family housing is certainly a major factor in that effort.

HOUSING FOR JUNIOR ENLISTED PERSONNEL

Senator SASSER. Well, there is no doubt about that, Admiral Jones. But I think we can go overboard on this whole question of family housing. There are some family housing policies which are troublesome. In some locations it appears that you are programming up to 100 percent of the identified requirements when the regulations themselves call for only 80 percent of identified requirements.

At least one location in Germany we come across a situation where overprogramming will apparently lead us to moving soldiers out of perfectly good housing projects off base in the community in order to fill up the newly constructed on-base housing.

It appears that projects are being programmed to include housing for E–1's to E–3's. It is very expensive to provide housing for these very junior enlisted personnel. In fact, the latest DOD family housing deficit report indicates that at least for the Air Force more than 30 percent of the deficit is in the E–1 to E–3 category.

Now funds for military construction and family housing are limited, as we indicated earlier. We are going to have to set some realistic priorities. In my view, we have more pressing military construction needs than providing housing for 18- and 19-year-olds. Now does anyone wish to comment on that matter?

Mr. STONE. I would hate to have to say exactly where that fits in our priorities, Mr. Chairman. We do have 18- or 19-year-olds in the military. They do have families, and we need to provide for them. In many cases they are in an area or a situation where they cannot make ends meet and where their principal concern is about shelter and not about military service. We have an obligation to these people. We have moved very, very slowly to meet it, in my judgment.

Senator SASSER. Anybody else wish to comment on that?

Yes, General Dacey.

RETENTION PROGRAMS

General DACEY. Sir, as you know, we have been working very hard in the Army at retention. We have been very successful with the support we have gotten from the Congress in recruiting very bright young men and women who we are trying to retain in the service. Unfortunately, a number of them do get married very young and some of them have taken their families to Germany. We have seen what has happened during the recent problems where the dollar has fallen vis-a-vis the deutsche mark, where they have had to send their families home.

We have had to have that artificial separation of the service member from the spouse, so it works a hardship on the family. It is not the kind of action that we, the leadership, should be taking if we really want to retain them and keep them in the service. We feel there is a payback, sir, and again it is not visible when we are looking at our Milcon budget, but on the average it costs us $50,000 to recruit and train a soldier and deliver that soldier to their unit. And if we can get 1,000 of them to stay that might have otherwise left, that is $50 million to put against other problems.

So we are doing our best to provide the living and working environment and excellent facilities that show the soldier that we, the leadership, and we, the American people, do care about them, and hopefully they will stay in the service so we do not have to recruit replacements.

General AHEARN. Mr. Chairman, the first investment priority of the Air Force is to attract and retain quality people and to do that which is necessary to meet that objective. In the foreseeable near future we find a declining American population of males through the mid-1990's. The need to take very positive actions to recruit in the open marketplace our peoples and to retain them is a very, very high priority for us.

We believed that we need to look very closely and did take a look at who it is we wanted to make eligible for on-base military family housing, and we wish to include the young airmen, the E–1 through E–4, as those eligibles. When we make our investment decisions we certainly defer first to those who have made their career decisions, meaning the

second term enlisted force, but by no stretch of the imagination do we want to defer or decline the opportunity or deny the opportunity of our junior airmen to live in military family housing.

REDUCING DEPENDENT FIGURES IN EUROPE

Senator SASSER. Well, gentlemen, I must say to you that I am sympathetic with the statements that were made, particularly by General Dacey, that we want to try to retain these young people in the military services. But I am not very sympathetic with trying to construct additional family housing for 18- and 19-year-olds in Europe, for example. We have got now, as I indicated earlier, almost 300,000 dependents in Europe, and I sometimes wonder what in the world is going to happen if we ever have an outbreak of hostilities in Europe.

I fear that our people are going to be more concerned about their dependents and getting their dependents out, and our transportation facilities are going to be more tied up moving dependents than we are in carrying out the original mission for having our military people there. Quite frankly, I wish there were some way that we could start reducing the number of dependents in Europe. I can understand senior personnel wanting their family there, but an 18- or 19-year-old person taking his wife for a few months to Europe and us providing, the taxpayers providing, the housing for them, that whole thing is just not too convincing to me.

I have read the horror stories about how these young people are forced to live there, but perhaps we ought to start looking at some regulations about just who can take dependents to Europe.

PROJECT FUNDING THROUGH R&D

Well, let us move on to something else. It is the intention of the subcommittee to review all of the Department of Defense's construction activities, even if they are funded in the defense bill. Let me tell you why. Late in the budget process in December a proposal was given to the DOD comptroller to shift the request for a $100 million strategic defense initiative test bed facility from the fiscal year 1988 military construction budget to the fiscal year 1987 research and development budget.

When this subcommittee learned of the proposal we objected, informally I might say, and the shift was not made. But it does not give us complete confidence that DOD is not shifting controversial projects to the R&D budget or other budgets to reduce congressional scrutiny and review. I have already written the strategic defense initiative office asking for a detailed justification for the funding account for each project.

Now this morning I want to ask first that for the record, Mr. Stone, you provide the written DOD guidance and criteria which is used to determine whether projects are funded through R&D or through military construction. Second, tell us what process is used, if there is one, to assure that the proper funding account is being cited before the budget is sent up here to the Congress.

And, third, Mr. Stone, I am asking that you request that each service and agency which has requested fiscal year 1987 R&D construction projects in the fiscal year 1988 budget to provide the Military Construction Subcommittee with a written justification that R&D is the proper funding source for each project before the R&D funds are to be obligated.

Mr. STONE. We will do that, Mr. Chairman. I did not understand one thing you said. You said each service and agency with an 1987 R&D construction request?

Senator SASSER. That probably should be 1988 R&D.

Mr. STONE. OK.

Senator SASSER. No; staff tells me it ought to be 1987.

Mr. STONE. I do not immediately understand the question.

Senator SASSER. We are requesting that each service and agency which has requested fiscal year 1987 R&D construction projects in the fiscal year 1988 budget—well, I am advised, Mr. Stone, that what we are driving at are 1987 addons that were put in the R&D budget for 1987 and we want a justification for them for the 1988 budget.

We will give you a written request on that fully laying it out in detail.

Mr. STONE. OK. If we have any uncertainty we will check with Mr. Walker.

[The information follows:]

The criteria for determining the use of R&D or military construction funds are listed in section 2353 of title 10, United States Code. Facilities provided through the use of R&D funds should be necessary to the performance of the R&D contract. These facilities may not have general utility, but are required solely for the R&D effort. DoD guidance is provided in DoD Directive 4275.5. A copy is attached.

The R&D and military construction justification material identify facility requirements. During the budget review, the justification for these facilities is evaluated in light of the criteria contained in 10 U.S.C. 2353 and DoD Instruction 4275.5. A decision is then made concerning the appropriate account to fund the construction. It should be noted that use of the authority provided by Section 2353 is elective in that a project may be funded with R&D funds if it satisfies the conditions at stipulated by that section; however, these projects can also be funded using military construction funds if the Department deems it advantageous to do so.

October 6, 1980
NUMBER 4275.5

USDR&E

Department of Defense Directive

SUBJECT: Acquisition and Management of Industrial Resources

References: (a) DoD Directive 4275.5, subject as above, July 13, 1978 (hereby canceled)
(b) through (y), see enclosure 2

A. REISSUANCE AND PURPOSE

This Directive:

1. Reissues reference (a) to establish uniform policy governing the acquisition and management of facilities, special tooling, and special test equipment, whether these industrial resources are acquired by and used solely within the Department of Defense or operated and used by a contractor.

2. Assigns responsibilities for reviewing the use, maintenance, expansion, modernization, replacement, and disposal of industrial resources, with their related programing, budgeting, and financing procedures (enclosure 1).

3. Authorizes publication of DLA 4215.1-M, "Management of Defense-Owned Industrial Plant Equipment."

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter called "DoD Components").

2. Its provisions cover acquisition, modernization, expansion, construction, and use of both severable and nonseverable property for

increasing or improving production or research and development capabilities.

3. Its provisions also cover the retention, maintenance, and modernization of DoD-owned plant equipment and plant equipment packages (PEPs) needed to provide the production capacity to support the combat readiness of the U.S. Forces, in accordance with DoD Directive 4005.1 (reference (b)).

4. This Directive does not cover the establishment and operation of government-owned, government-operated (GOGO) activities that are approved in accordance with DoD Directive 4151.1 (reference (c)). Equipment obtained by these activities will be reported to the Defense Industrial Plant Equipment Center (DIPEC) upon acquisition. GOGO activities that compete with private industry and have a preparedness capability will be reported annually in the Departmental Industrial Reserve Plants/Maintenance Facilities report, under DoD Instruction 4155.4 (reference (d)).

C. DEFINITIONS

The terms used in this Directive are defined in enclosure 3.

D. POLICY

1. The Department of Defense shall minimize government ownership of facilities in consonance with the need to ensure economical support of essential peacetime, surge, and mobilization requirements. This shall be accomplished through an orderly phasedown of current government ownership and the use of methods to encourage greater investment by private industry in facilities supporting defense programs.

2. A base of government-owned facilities shall be retained for those industries determined essential to defense production, when private investment is inadequate or unavailable.

3. Congress shall be notified by Department of Defense of all government construction to be accomplished under the authorities of this Directive.

4. Government property in the hands of contractors and subcontractors is controlled and accounted for through procedures maintained in accordance with DAR (reference (e)). Plant equipment shall be reported to and accounted for by the DIPEC upon acquisition.

5. Enclosure 1 includes guidance for the disposal of excess facilities, environmental protection, Occupation Safety and Health Administration requirements, the Energy Conservation and Management Program, and other areas of responsibility; the programing, budgeting, and financing of facilities projects, numerical control standardization; and personal property reporting.

E. RESPONSIBILITIES

1. The Under Secretary of Defense for Research and Engineering (USDR&E) shall:

a. Develop and supervise procedures for implementing the policies established in section D.

b. Review during the budget cycle, in coordination with the Assistant Secretary of Defense (Comptroller) (ASD(C)) and the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), proposals for facility projects involving new funds during the current year to acquire, expand, or replace facilities.

c. Approve, in coordination with other elements of OSD, facilities projects in excess of authority delegated to the Military Departments and Defense Agencies. If such projects involve the use of military construction funds, they shall be in accordance with the provisions of DoD Instruction 7040.4 (reference (f)).

d. Ensure that Congress is notified of all construction efforts, using Research, Development, Test and Evaluation (RDT&E), Procurement, or Operation and Maintenance (O&M) funds, except as authorized by DoD Directives 7040.2 and 4270.24 (references (g) and (h)).

2. The Secretaries of the Military Departments and Directors of Defense Agencies shall:

a. Ensure that comprehensive reviews are made of requests for facility expansions, examine alternatives for DoD modernization and rehabilitation funding, measure requests against realistic requirements, examine all facilities held for surge and mobilization, and give full consideration to technological changes and multishift production.

b. Analyze and review proposed projects, specifying the criteria to be used in establishing the facility requirement policy in section D.

c. Ensure that records are maintained to provide information that may be required by the USDR&E and other DoD Components in the exercise of their responsibilities under this Directive.

d. Ensure that the Congress is notified of all facilities projects involving construction. In no case shall a late-start project involving construction be consummated without congressional notification.

e. Use formats in DLA 4215.1-M to approve, recertify, or discontinue PEPs and report status.

3. The Secretaries of the Military Departments or their designees (no lower than Assistant Secretary level) and the Directors of Defense Agencies may approve government-owned facilities projects, provided:

a. The plant and equipment investment costs to support a specific major system or subsystem do not exceed a total of $25 million during the projected procurement or maintenance effort; projects exceeding the $25 million threshold shall be submitted to the USDR&E for approval. Projects shall not be subdivided into separate increments for the purpose of bypassing the $25 million threshold and shall meet DAR provisions 13-301 (reference (e)). In the case of research and development-funded projects, those exceeding a $3 million threshold shall be submitted to the USDR&E for approval.

b. The OSD-designated focal point for government property policy and management, the weapon systems and subsystems program monitors, and ASD(C) are provided (prior to Program Objective Memorandum (POM) submission) annual overview presentations of plant and equipment projects forecasted for Department/Agency approval.

c. The Congress is notified in advance of starting any project involving construction, regardless of the dollar amount. A DD Form 1391, "Military Construction Project Data," is submitted in support of budget requests for these notifications. Separate DD 1391s will be submitted to Congress to justify out-of-cycle budget construction requirements.

d. Facilities projects funded by Procurement for other than major systems or subsystems are approved on a location basis and shall not exceed more than $5 million for all property efforts (expansions, modernization, rehabilitation) during one fiscal year. Projects in excess of $5 million shall be submitted to the USDR&E for approval. In the case of research and development-funded projects, those exceeding a threshold of $3 million, shall be submitted to the USDR&E for approval. The Military Departments may redelegate approval of projects not exceeding $5 or $3 million, respectively, to a level lower than an Assistant Secretary.

4. Heads of DoD Components, or designated Component representatives, shall establish and maintain continuing, coordinated programs for planning, reviewing, and approving their industrial facilities needs; and acquiring, constructing, expanding, replacing, using, and disposing of such facilities. The program of each DoD Component shall provide for:

a. Centralized, uniform review and control of facility projects and industrial equipment replacement projects, and for identification of plant equipment required in connection with and related to industrial facility projects. DoD Components must thoroughly screen idle inventory and use any suitable real property or equipment that is available before authorizing procurement for expansion, modernization, or replacement.

b. Continuous surveillance over the current use and future requirements for all government-owned industrial real property and plant equipment to ensure proper and timely disposal arrangement for excess facilities and facilities for which continued government ownership is no longer necessary. Excess industrial plant equipment (IPE) will be identified and reported to DIPEC under the procedures prescribed for IPE reporting, in accordance with DLA 4215.1-M and DAR (reference (e)).

5. The Secretary of the Military Department concerned, the Director of the Defense Logistics Agency, or, in the case of other Defense Agencies, the USDR&E, shall approve production contracts that propose the incorporation of incentive clauses for contractor investment in industrial facilities that create potential government liability, such as, agreement by the government to purchase such facilities if the program is canceled.

F. INFORMATION REQUIREMENTS

1. The reporting requirements of this Directive have been assigned Report Control Symbol DD-DR&E(AR)642.

2. The recordkeeping requirements prescribed herein have been assigned Report Control Symbol DD-DR&E(AR)1212.

3. The DIPEC shall provide DoD Components and the USDR&E with a copy of its quarterly report, "Planning Data for PEPs," 30 days after the end of each quarter.

4. DoD Components shall submit an annual report of personal property, using Interagency Report Control Number 0154-GSA-AN.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing documents, limited to the substantive changes in this Directive, to the Under Secretary of Defense for Research and Engineering within 120 days.

W. Graham Claytor, Jr.
Deputy Secretary of Defense

Enclosures - 3
1. Secondary Facilities, Property Policy, and Financial Guidance
2. References
3. Definitions

SECONDARY FACILITIES, PROPERTY POLICY, AND FINANCIAL GUIDANCE

A. FACILITIES AND PROPERTY POLICY

1. Government Ownership and Management of the Industrial Base. The industrial base, consisting of both government and contractor-owned facilities, shall provide a capability to support current procurement, surge, and mobilization requirements specified in consolidated guidance for industrial preparedness planning.

a. The industrial base shall be examined continually to ensure it is responsive to rapidly changing weapons technology and to demands to improve defense posture. The government-owned segment of this industrial base shall not exceed the minimum needs beyond contractor-owned capacity necessary to meet production requirements.

b. The maintenance segment of this government-owned industrial base shall meet approved workload requirements for essential weapons and equipment (DoD Directive 4151.1, reference (c)).

2. Phase-Down Program and Private Investment Incentives. Requirements for additional facilities to perform defense contracts shall be met through an increase in contractor-owned facilities. Each DoD Component shall implement a program to phase down government ownership of, and investment in, industrial facilities. This is a follow-on to the existing DoD phaseout policy.

a. The phasedown program shall acknowledge that all contractors may not have the capital available to replace government-owned equipment on a predetermined schedule. It shall also recognize that certain sectors of the defense industry may require continued government ownership of industrial plant and equipment. In these events, DoD Components shall identify such facilities and request their exemption from the phasedown program. Exemptions shall be approved at a level no lower than an Assistant Secretary of a Military Department.

b. The goals of the phasedown program and the industrial preparedness program must be mutually considered to ensure that an essential nucleus of government-owned plants and equipment is maintained. Information on phasedown actions, including approved exemptions, shall be included as part of the annual Defense Industrial Reserve Report. This phasedown effort is flexible to compensate for changing factors, such as military requirements, foreign sales commitment, and economic and business conditions.

c. To encourage capital investment by contractors, the use of the following investment incentive techniques shall be explored before purchasing additional government-owned equipment:

(1) Multiyear Contracts. See DAR 1-322 (reference (e)).

(2) Special termination buy-back techniques that enable the government to acquire the contractor's severable capital investment, when approved by the Secretary of the Military Department or Director of the Defense Agency concerned. For Defense Systems Acquisition Review Council (DSARC) programs, the potential liability resulting from this technique should be listed by fiscal year in a Decision Coordinating Paper (DCP), which is approved by the DoD Acquisition Executive.

(3) Value engineering incentive provisions to share savings resulting from contractor capital investment. See DAR 1-1700 (reference (e)).

(4) Procedures that emphasize contractor investment while calculating the fee or profit objective under weighted guidelines. See DAR 3-808 and 3-1300 (reference (e)).

(5) Award fees for development and implementation of effective contractor investment plans. See DAR 3-405.5 (reference (e)).

3. Selection of Contractors Capable of Providing Facilities. Competitive solicitations shall maximize the use of contractor-owned equipment and facilities. However, the Department of Defense may offer to provide or move government-owned plant equipment to contractors' plants, if merited on the basis of economics, necessity, or other justification. In negotiated procurement, an important consideration in the selection of a contractor is the ability to provide adequate and modern facilities for developing and producing the product. Before considering a request for new facilities, contractors shall be required to show that they have made or plan to make full use of subcontractors who possess adequate and available facilities.

4. Planned Investment in Government Faciltities for Major Defense Program (Facilities Plan). As part of the DCP the DoD Component shall state how much government investment in plant and equipment is contemplated during each program milestone phase. As the program progresses, these estimates shall be refined to state the purposes and the ceiling amounts contemplated during each fiscal year. Before a production contract is awarded, the DoD Component and the prospective contractor must determine how much government investment in plant and equipment is required. The production contract must reflect this determination.

5. Investment in Facilities. In accordance with DoD Directive 4100.15 and DoD Instruction 4100.33 (references (i) and (j)), a DoD Component is required to decide whether a product or service shall be provided by government-owned (in-house) or by private means. The method of performance alternatives shall be reviewed and evaluated to determine the most cost-effective method of operation to the government. This decision shall be made and documented before the DoD Component concerned invests in industrial facilities for new government-operated programs or in industrial facilities for existing government-operated programs, when dollar thresholds established in DoD Instruction 4100.33 (reference (j)) are exceeded.

6. Continuous Review of the Use of Facilities

a. Government-owned facilities shall be continuously reviewed to (1) validate the need for retention to support current or emergency requirements; (2) ensure they are used for the purpose intended; (3) ensure their economic use; (4) minimize costs; (5) increase productivity; (6) lessen the need for providing additional facilities; and (7) retain the capability to produce products that support current weapons until advanced technology products have been delivered.

b. Major DoD Components shall develop, for both standard IPE and NC IPE, with acquisition cost of $100,000 or more, utilization objectives consistent with projected peacetime surge mobilization workloads. Workload interchange among DoD in-house facilities and other government agencies are considered as a way to achieve these objectives.

7. Retention and Maintenance of Plant Equipment

a. The Defense Industrial Reserve Act of 1973 (reference (k)) authorizes the retention of equipment. It is the policy of the Department of Defense to retain that production capability that is beyond the capability of industry to fulfill military emergency requirements in accordance with DoD Directive 4215.18 (reference (l)). Machine tools and other industrial manufacturing equipment may be held in PEPs or in a general reserve to (1) maintain a high state of readiness for production of critical items of defense materiel; (2) provide production capacity for defense materiel not available in private industry; or (3) assist private industry in time of national disaster.

b. The responsibility for approving and recertifying PEP is delegated to the Assistant Secretary of the Military Department concerned or to the Director of DLA. Each DoD Component must establish management guidelines to ensure that government-owned equipment is immediately released from a PEP when the requirement no longer exists, and that required PEPs are maintained in a state of readiness. Retained PEP items shall be reviewed annually and more frequently, should need for retention and recertification be required. Formats and instructions for this purpose are contained in DLA 4215.1-M and shall be submitted to DIPEC under RCS DD-DR&E(AR)642.

8. Equipment Replacement/Modernization. Modernization shall be undertaken for only those facilities that are necessary to support the current or emergency requirements. Modernization of existing facilities is permitted to provide sustained wartime mobilization capability in accordance with DoD investment guidance. Contractors are encouraged to replace old, inefficient manufacturing processes or government-owned equipment by investing in modern, more efficient, privately owned equipment. The weighted guidelines for negotiation of profit or fee (DAR, section III, reference (e)) and the incentive techniques in paragraph A.2.c. encourage the contractor to provide equipment required for DoD contracts.

a. Each DoD Component shall establish a plan for the replacement or modernization of plant equipment, including that retained in PEPs, caused by obsolescence, the need for repair, or technology advances. Planning and identification of equipment needs shall include consideration of the availability of personnel, adequacy of equipment support, such as computer support for NC equipment, work-mix projections, and availability of funds.

b. For DoD-owned equipment designated for continued ownership, the primary justifications for accomplishing replacement or modernization projects are the economic and technical benefits to be obtained by (1) introducing advanced manufacturing processes to enhance productivity; (2) alleviating equipment obsolescence; and (3) making the government-owned segment of the production base more responsive to industrial preparedness requirements. The "Industrial Plant Equipment Replacement Analysis Work Sheet," DD Form 1106, included in DLA 4215.1-M or the instructions of DoD Instruction 7041.3 (reference (m)), may be used to perform the economic analysis of proposed DoD investments.

c. When cost benefits are used to justify replacement or modernization projects for long-term, ongoing production programs, the replacement costs for new equipment shall normally be amortized within 3½ years for the aerospace industry and within 5 years for other industries. These amortization criteria do not apply to government-owned and operated mission support activities. Replacement economic analysis procedures are set forth in DLA 4215.1-M. In cases where cost savings are expected to accrue to the government, they should be so identified and appropriate contractual adjustments made, consistent with DAR (reference (e)). "Industrial Equipment Modernization Program - Post Analysis Report," DD Form 1651, shall be submitted by the contractor.

d. DoD Components shall maintain records of increased productivity, technological improvements, industrial preparedness benefits, and savings resulting from facilities modernization or replacement. They shall review the resulting benefits on an after-the-fact basis. Such records shall serve as a guide in reaching future decisions on modernization or replacement in similar situations, and shall be available for review by the USDR&E.

9. Special Test Equipment (STE) and Special Tooling (ST)

a. DoD Components shall ensure that special-purpose test equipment and special tooling are acquired for government account when no practical alternative exists.

b. Procurement of government-owned ST and STE shall be programed, budgeted, and financed under applicable Procurement or RDT&E appropriations in the manner prescribed by DAR and DoD 7110.1-M (references (e)) and (n)). To ensure that only equipment that explicitly falls into the ST and STE categories is considered, the definition for each is included in enclosure 3.

c. DoD Components shall ensure that government-owned plant equipment is not procured under the guise of STE to avoid the phasedown program.

10. DoD-Furnished Nonseverable Facilities on Privately Owned Land. Buildings or other nonseverable facilities shall not be constructed by the government on privately owned land, except as provided in DAR (reference (e)).

11. Environmental Considerations. Environmental impact must be considered in the acquisition and management of industrial facilities, in accordance with DoD Directive 6050.1 (reference (o)).

a. Pollution Abatement. Requirements related to pollution abatement shall be in accordance with DoD Directives 5100.50 and 4165.60 and DoD Instruction 4120.14 (references (p), (q), and (r)).

b. Flood Hazards. Evaluation of flood hazards shall be made in accordance with the requirements of E.O. 11988 (reference (s)).

c. Protection of Wetlands. Evaluations of contruction in wetlands shall be made in accordance with the requirements of E.O. 11990 (reference (t)).

12. Occupational Safety and Health Act of 1970 (OSHA) Requirements

a. The burden of compliance with OSHA rests with the DoD contractor. Therefore, DoD Components shall contract on the assumption that DoD contractors are complying with OSHA. Determination to retrofit or modify government-owned property or facilities shall be made by DoD Components on an individual basis, consistent with mission accomplishment and long-term needs. Modification to government-owned plant equipment in storage to meet OSHA standards shall only be made when the property is placed into active use.

b. If nonconformance to OSHA standards for government-furnished property or facilities is reported by the Department of Defense or a defense contractor under an ongoing contract, the administrative contracting officer (ACO) shall verify such nonconformance and advise the contracting activity. The procuring contracting officer (PCO) or other authority designated by departmental regulations, shall pursue one of the following options:

(1) Recommend contractor request variance from pertinent standard when alternate safety measures shall provide adequate protection.

(2) Negotiate replacement with contractor-owned property.

(3) Replace with other suitable government property.

(4) Authorize modification of government property at contractor expense with the understanding that title to any nonseverable modification vests in the government.

(5) Authorize modification by the contractor at government expense only if continued use of the property is essential in support of major programs.

13. Energy Conservation and Management (ECAM) Program. The ECAM Program is a Procurement and RDT&E-funded effort to pursue the development of energy conservation measures and to retrofit DoD-owned facilities to increase energy efficiency. Since ECAM is a Procurement and RDT&E-funded program, energy conservation measures at GOCOs shall be executed under the ECAM Program. Furthermore, the ECAM Program shall also apply to GOGO activities for energy conservation measures involving equipment normally bought with Procurement or RDT&E funds. Energy conservation measures involving construction at GOGOs shall continue to use military construction (MILCON) funds under the Energy Conservation Investment Program. E.O. 12003 (reference (u)) establishes a goal to reduce energy consumption per gross square foot of floor space in existing federally owned buildings by 20 percent between 1975 and 1985. DoD Components shall identify all potential energy conservation projects under the ECAM Program that are cost effective, that is, self-amortizing within their economic life, and shall include such projects in their annual budgets. All budget estimates projecting the use of Procurement and RDT&E funding for ECAM projects shall be supported by economic analyses, consistent with the guidelines contained in DoD Instruction 7041.3 (reference (m)). The ECAM Program may be patterned after the MILCON-funded Energy Conservation Investment Program (ECIP).

14. Disposal of Excess Facilities. Government-owned facilities shall be screened for reutilization as soon as the facilities become excess to the missions for which they were acquired. If not required for current procurements or surge requirements to support the combined U.S. and allied force levels specified by Secretary of Defense criteria for retention of industrial facilities and equipment, such facilities shall be declared excess to ownership or access to need.

a. DoD Components may propose and justify on a case-by-case basis the retention of any facility that is excess to established retention criteria.

b. Automatic data processing equipment (ADPE) associated with IPE declared excess shall be screened and reported in accordance with DoD 4160.19-M (reference (v)).

c. Real property disposal shall be in accordance with DoD Directive 4165.6 and DoD Instruction 4165.12 (references (w) and (x)).

d. When a facility is no longer required for peacetime production, but its capacity would be needed to support the force levels outlined in retention criteria established by the Secretary of Defense, consideration shall be given to offering that facility for sale, subject to the stipulation that its capacity for defense production shall be maintained. The decision to offer the facility for sale shall take into consideration the difference in post-M-day production response with that facility under private versus government ownership, and the cost of additional war reserve stocks needed to offset any degradation in post-M-day production response that would result from sale of the facility.

B. PROGRAMING, BUDGETING, AND FINANCING FACILITIES PROJECTS

1. Government-Provided Facilities. When it is determined that DoD financing of real property projects is required, they shall be programed, budgeted, and financed in accordance with one of the following methods. Further, all proposed real property facilities shall be identified to Congress in accordance with DoD 7110.1-M (reference (n)). Construction efforts, as defined in DoD Directive 7040.2 (reference (g)), require specific authorization from Congress:

a. Financing construction of GOGO Real Property as Military Construction Projects. When GOGO real property is to be acquired or constructed, such construction shall normally be programed, budgeted, and financed as a military construction project in accordance with the provisions of DoD Directive 7040.2 and DoD Instruction 7040.4 (references (g) and (f)).

b. Financing GOCO Facilities Construction

(1) When GOCO real property is acquired or constructed on a military installation (such as a post, camp, base, or station), such construction shall normally be programed, budgeted, and financed as a military construction project in accordance with the provisions of DoD Directive 7040.2 and DoD Instruction 7040.4 (references (g) and (f)). However, if, for the convenience of the government, these facilities are contractor-operated and the contractor is responsible for the O&M of the facility complex, such real property may be financed under Procurement or RDT&E funds.

(2) When GOCO facilities are acquired or constructed on government real property, other than a military installation under the provisions of this Directive, they shall be programed, budgeted, and financed under Procurement or RDT&E funds.

(3) GOCO ammunition plants shall be authorized in military construction but financed with Procurement funds.

(4) All proposed Procurement and RDT&E real property facilities shall be identified to Congress in accordance with DoD 7110.1-M (reference (n)).

2. Financing Government-Owned Equipment in GOCO and Contractor-Owned Contractor-Operated (COCO) Facilities. Proposed equipment requirements shall be programed, budgeted, and financed with Procurement, O&M, or RDT&E funds. Equipment for GOGOs shall be financed under the provisions of DoD Directive 4151.1 (reference (c)).

3. Budget Submission. All industrial resources (plants and plant equipment) funding requirements shall be included within Production Base Support (Army) or Industrial Facilities (Navy and Air Force).

4. Financing Installation and Instrumentation Required for RDT&E Activities at Government-Owned Facilities. Cost of installation of equipment and instrumentation, including directly related foundations, shielding, environmental control, weather protection, instructural adjustments, utilities, and access may be financed from RDT&E appropriations in accordance with DoD 7110.1-M (reference (n)).

5. Programing and Budgeting for the Use of Special Termination Buy-Back Technique for Contractor Capital Investment in Major DoD Programs. Special termination provisions may be used when the contractor will not make capital investment in major defense programs. These provisions provide for all or some portion of the unamortized value should the program be canceled or drastically limited. The amount of contingency liability resulting from using the special termination buy-back technique must be identified in accordance with budget procedures.

C. NUMERICAL CONTROL STANDARDIZATION

It is DoD policy to adopt or develop the necessary NC IPE hardware, software, and interface standards that will permit routine electronic transmission of machine-readable NC IPE process planning and control information between facilities, with few or no changes, on functionally equivalent NC IPE to produce identical components. Company proprietary data will be excluded from this provision. Standardization assignments are made in accordance with DoD Directive 4120.3 (reference (y)). The DLA has been assigned the responsibility for maintaining the library of NC IPE technical information.

D. PERSONAL PROPERTY REPORTING

1. The DoD Components, including organizations such as the Defense ADPE Resources Office and DLA activities (DIPEC, Defense Property Disposal Service), shall submit required data to the OUSDR&E for compilation and submission to the General Services Administration. The report shall include personal property that is (a) obtained as excess or determined to be no longer required for the purposes of the appropriation from which it was purchased, and (b) furnished in any manner whatsoever within the United States to any recipient other than a federal agency.

2. The report shall provide the following data: name and address of recipients, status (either DoD contractor or project grantee), two-digit federal supply classification group, number of items, and total acquisition cost. Negative reports are required.

3. The report shall be submitted during the calendar quarter following the close of each fiscal year.

REFERENCES, continued

(b) DoD Directive 4005.1, "DoD Industrial Preparedness Production Planning," July 28, 1972
(c) DoD Directive 4151.1, "Use of Contractor and Government Resources for Maintenance of Materiel," June 20, 1970
(d) DoD Instruction 4155.4, "Inspection and Reporting of Departmental Industrial Reserve Plants/Maintenance Facilities," January 31, 1980
(e) Defense Acquisition Regulation (DAR), Sections I, III, VII, XIII, XV, XXIV, App. B and C
(f) DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979
(g) DoD Directive 7040.2, "Program for Improvement in Financial Management in the Area of Appropriations for Acquisition and Construction of Military Real Property," January 18, 1961
(h) DoD Directive 4270.24, "Minor Construction and Restoration or Replacement of Facilities Damaged or Destroyed," October 16, 1978
(i) DoD Directive 4100.15, "Commercial and Industrial-Type Activities," February 4, 1980
(j) DoD Instruction 4100.33, "Operation of Commerical and Industrial-Type Activities," February 25, 1980
(k) Defense Industrial Reserve Act of 1973 (Public Law 93-155)
(l) DoD Directive 4215.18, "Management of Defense-Owned Industrial Plant Equipment (IPE)," March 7, 1974
(m) DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972
(n) DoD 7110.1-M, "DoD Budget Guidance Manual," July 7, 1978, authorized by DoD Instruction 7110.1, August 23, 1968
(o) DoD Directive 6050.1, "Environmental Effects in the United States of DoD Actions," July 30, 1979
(p) DoD Directive 5100.50, "Protection and Enhancement of Environmental Quality," May 24, 1973
(q) DoD Directive 4165.60, "Solid Waste Management - Collection Disposal, Resource Recovery and Recycling Program," October 4, 1976
(r) DoD Instruction 4120.14, "Environmental Pollution Prevention, Control and Abatement," August 30, 1977
(s) Executive Order 11988, "Floodplain Management," May 24, 1977
(t) Executive Order 11990, "Protection of Wetlands," May 24, 1977
(u) Executive Order 12003, "Energy Policy and Conservation," July 20, 1977
(v) DoD 4160.19-M, "Defense ADPE Reutilization Manual," September 1974, authorized by DoD Directive 4160.19, April 5, 1973
(w) DoD Directive 4165.6, "Real Property Acquisition, Management and Disposal," December 22, 1976
(x) DoD Instruction 4165.12, "Prior Approval of Real Property Actions," July 23, 1973
(y) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979

DEFINITIONS

A. Industrial Base. That part of the total privately owned and government-owned industrial production and maintenance capacity of the United States, its territories, and possessions, and the capacity located in Canada expected to be available during emergencies to manufacture and repair items required by the approved forces.

B. Plant Equipment (PE). Personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, accessory, and auxiliary items, but excluding special tooling and special test equipment) used or capable of use in the manufacture of supplies, in the performance of services, or for any administrative or general plant purposes.

C. Industrial Plant Equipment (IPE). That part of plant equipment, with an acquisition cost of $1,000 or more, used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical, or chemical properties of materials, components, or end items entailed in manufacturing, maintenance, supply, processing, assembly, or research and development operations; further identified in joint DoD handbooks listed in 13-312 of the DAR (reference (e)).

D. Other Plant Equipment (OPE). That part of plant equipment regardless of dollar value that is used in or with the manufacture of components or end items for maintenance, supply, processing, assembly, or research and development operations; but excluding items categorized as IPE.

E. Plant Equipment Package (PEP). A complement of active and idle PE that has been formally approved for retention, in accordance with criteria and procedures in this Directive and in DLA 4215.1-M.

F. Facilities. Property (other than material, special tooling, military property and special test equipment) for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements, and plant equipment (see DAR 13-101.8, reference (e)).

G. Special Test Equipment (STE). Either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special-purpose testing in the performance of the contract. Such testing units comprise electrical, electronic, hydraulic, pneumatic, mechanical, or other items or assemblies of equipment that are mechanically, electrically, or electronically interconnected to become a new functional entity, causing the individual item or items to become interdependent and essential in the performance of special-purpose testing in the development or production of particular supplies or services. Special test equipment does not include material, special tooling, buildings, and nonseverable structures (except foundations and similar improvements necessary for the installation of special test equipment), and plant equipment items used for general plant testing purposes.

H. Special Tooling (ST). All jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment, manufacturing aids, and replacements thereof, are of such a specialized nature that, without substantial modification or alteration, their use is limited to the development or production of particular supplies or parts thereof or the performance of particular services. The term includes all components of such items, but does not include material, special test equipment, or buildings, and nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling), general or special machine tools, or similar capital items.

I. Construction. The erection, installation, or assembly of buildings or structures; the addition, expansion, extension, alteration, conversion, or

replacement of existing buildings or structures. It includes equipment and utilities installed and made a part of the real property (excludes installation and relocation of severable property and minor modifications necessitated by the installation or relocation of such severable property) and related site preparation, excavation, and other land improvements.

J. Maintenance Facilities. Fixed installations, such as shipyards and depots, that support organizational maintenance and intermediate maintenance activities through the availability of more extensive shop facilities, equipment, and personnel of higher technical skill than are available at lower maintenance levels. Some of the types of maintenance normally provided by these shops are inspection, test, repair, modification, alteration, modernization, conversion, overhaul, reclamation, or rebuild of parts, assemblies, subassemblies, components, and end items.

K. Nonseverable Property. Property that cannot be removed after erection or installation without substantial loss of value or damage to the property or to the premises.

L. Project. A planned undertaking of something to be accomplished, acquired, produced, or constructed, having a finite beginning and a finite ending, such as a construction project or a research and development project.

M. Capital-Type Rehabilitation. Major repair or replacement of government-owned property that exceeds normal maintenance requirements.

N. Modernization and Replacement. The replacement of one or more existing items of equipment to achieve economic or industrial preparedness advantages to the Department of Defense through increased efficiency. Items that are government-furnished may be replaced either by new procurement or by equipment from idle inventories. Replacement action must be supported by an analysis of cost savings or industrial preparedness benefits to be realized.

O. Expansion. The addition of personal or real property that creates a new industrial plant or augments the capability or capacity of an existing plant.

P. Defense Industrial Plant Equipment Center (DIPEC). A primary level field activity of the Defense Logistics Agency (DLA), responsible for providing services to DoD Components in performance of functions specified in DoD Directive 4215.18 (reference (1)).

Q. Mobilization. The act of preparing for war or other emergencies through assembling and organizing national resources; the process by which the armed forces or part of them are brought to a state of readiness for war or other national emergency. This includes assembling and organizing personnel, supplies, and material for active military service.

R. Industrial Preparedness Planning. Planning designed to maintain an adequate industrial base to support DoD requirements for selected essential military items in a national emergency.

S. Surge. The ability of the industrial base to rapidly meet accelerated production requirements of selected items with existing facilities and equipment in a peacetime environment. (No declared national emergency.) Only existing peacetime program priorities will be available to obtain materials, components, and other industrial resources necessary to support accelerated program requirements.

T. Excess to Ownership. Facilities required for defense production. Private ownership is preferred to government ownership.

U. Excess to Need or Requirement. Facilities no longer required for defense production. They are available for transfer to other government agencies or for declaration as excess by the General Services Administration (GSA) and disposal in any possible manner.

V. Numerical Control Industrial Plant Equipment (NC IPE). IPE in which actions are controlled by the direct insertion of numerical data at some

point. The equipment must automatically interpret at least some portion of the data.

W. NC IPE Software. Information and organized methods of processing and storing that information necessary for the utilization of NC IPE in its intended functions. It includes but is not limited to information stored in the following: procedures, practices, drawings, catalogs, tables, paper tape, magnetic tape, computer input, output, or instructions (by any name), part programs, NC IPE setup instructions, and NC IPE part programing language.

X. Machine-Readable Information. Information organized, formatted, or stored to enable it to be read directly and automatically by devices that are capable of coding, transmitting, and then decoding and recreating the information in the original form.

1987 R&D funded construction projects:

Facility	Location	Cost($000)
Beam Sensing & Control Facility-Bldg MOD	Long Island, New York	200
MOD of Bldg MPF-80	Los Alamos, New Mexico	200
Neutral Particle Beam Tech. Support Facility	Los Alamos, New Mexico	3,800
MOD of Test Cell(EMRLD)	White Sands Missile Range, New Mexico	6,000
Accelerator Test Stand Upgrade	Los Alamos, New Mexico	9,000
Strategic Defense Facility (SDF)	Albuquerque, New Mexico	7,000
Ground Based Free Electron Laser Facility	White Sands Missile Range, New Mexico	10,500
Battle Management/C3 Laboratory-Bldg MOD	Griffiss AFB, New York	2,000

SDIO financing of real property projects is consistent with DoD Policy and Public Law 97-214. They are programmed, budgeted, and funded as follows:

1. Government-Owned, Government-Operated (GOGO) Facility on Government Land:

When GOGO property is to be constructed on government-owned land, such construction is normally financed as a military construction project. Construction of facilities for $200,000 or less may be funded with RDT&E appropriations, Such expenditures are authorized under 10 USC 2805 (minor construction). All minor construction must result in a complete an usable facility. In no event are two or more construction projects or minor and major construction projects to be contrived to be a usable facility. Construction projects at R&D installations/activities which are greater than $200,000 are financed by the Military Construction appropriation subject to the provisions of DoD Directives 7040.2 and 7150.5.

2. Government-Owned, Contractor-Operated (GOCO) Facility:

a. When the GOCO facility is on a military installation (post, camp or station) the primary funding is the Military Construction appropriation. However, under unusual circumstances and if for the convenience of the Government, the facilities are contractor operated and the contractor is solely responsible for the complete and total operation and maintenance of the facility complex, construction may be financed under Procurement or RDT&E funds

under the criteria of 10 USC 2353 and DoD Directive 4275.5. Construction or improvements having general utility are not permitted under 10 USC 2353.

b. When GOCO facilities are constructed on government property, other than a military installation, the procurement or RDT&E appropriation may finance the construction under the criteria of DoD directive 4275.5.

3. Contractor-Owned, Contractor-Operated (COCO) Facility:

Construction of COCO facilities are financed under Procurement or RDT&E funds under the criteria of DoD Directive 4275.5 and 10 USC 2353.

4. A summation of the above policy follows:

FINANCING OF REAL PROPERTY PROJECTS

Type and Location of Real Property	Primary Funding Procedure	Alternate Authorized
GOGO facility on Government land	MILCON	NONE
GOCO on a military installation (post, camp or station)	MILCON	Procurement or RDT&E as appropriate
GOCO on government land other than a military installation	Procurement or RDT&E as appropriate	NONE

PROJECTS FUNDED BY RDT&E

The following is the above list of SDI construction projects funded or projected to be funded by RDT&E funds. A brief justification outlining why RDT&E and not military construction is the appropriate funding source for facilities construction has been included:

Facility and Criteria	Location
Beam Sensing & Control Facility-Bldg MOD	Long Island, New York

Minor modification to an existing GOCO research and development facility on other than a military installation, Brookhaven National Laboratory. The project provides for an extension of the linac line already in existence at Brookhaven.

MOD of Bldg MPF-18	Los Alamos, New Mexico

This project provides for the modification of a GOCO facility on other than a military installation, Los Alamos National Laboratory. It modifies the existing Ground Test Accelerator facility which will house the accelerator equipment including injector, radio-frequency quadruple, linear accelerator, beam diagnostics, vacuum, cooling, RF power,

instrumentation and control systems, radiation shielding and space for power supplies and ADP equipment.

Neutral Particle Beam Tech. Support Facility	Los Alamos, New Mexico

This project provides for the construction of a GOCO facility on other than a military installation for contractor research and development.

MOD of Test Cell (EMRLD)	White Sands Missile Range, New Mexico

This project modifies an existing research and development test cell at the High Energy Laser Systems Test Facility to house the Excimer Raman-Shifted Laser Device. The facility will be GOCO with no generic utility other than to house the Device.

Accelerator Test Stand Upgrade	Los Alamos, New Mexico

This project provides for the construction of a specialized GOCO research and development facility, on other than a military installation, necessary to carry out research in the particle beams technology area.

Strategic Defense Facility (SDF)	Albuquerque, New Mexico

This project provides for the construction of a specialized GOCO research and development facility, on other than a military installation (Sandia National Laboratory), necessary to carry out research in the kinetic energy weapons technology area.

Ground Based Free Electron Laser Facility	White Sands Missile Range, New Mexico

This project provides for the construction of a specialized GOCO research and development facility necessary to carry out research in the directed energy weapons technology area.

Battle Management/C3 Laboratory-Bldg MOD	Griffiss AFB, New York

This project provides for the modification of an existing GOCO facility in support of research and development carried out at the Rome Air Development Center.

ASBESTOS REMOVAL

Senator SASSER. All right. Let me move on here.

In January, when the President sought to rescind the $50 million appropriated for asbestos removal assistance to the Nation's civilian schools, I asked the Department of Defense how much the military was spending for the removal of asbestos. The answer I got was we do not know because we do not keep centralized records on that point.

Well, I asked the staff to do its own survey and the results were, frankly, astounding. For the Navy and the Air Force, the staff found plans to spend over $30 million for asbestos removal. For the DOD overseas school system alone $20 million was being planned for each of the next 2 years. Now we may be getting our priorities wrong here.

We are making our civilian school children, it appears to me, second-class citizens as far as asbestos removal funds are concerned, and large amounts are being spent on a relative handful of military schools, most of which are overseas. This fact demonstrates to me a lack of accountability and oversight to some extent of DOD expenditures, so today I am asking you to take the initiative and begin to pull together these figures centrally.

In the committee report later this year, we will be asking for a detailed report of all DOD actions related to asbestos removal regardless of the funding source. For those of us who have been working pretty diligently to see that the Civilian School Asbestos Removal Program is initiated, this is a very frustrating situation. To be very honest, if we need to find a funding source for civilian schools, some might be inclined to reduce some of this budget and put the funds into a civilian school asbestos removal.

Let me ask you, Mr. Stone, how does DOD manage to ask you to do this asbestos removal and get it by the OMB analyst, when OMB is so opposed to a civilian program of asbestos removal in the schools? Do you see what I am driving at?

Mr. STONE. Sure I do.

Senator SASSER. Let me just give you an example. The 101st Air Mobile Division is headquartered at Fort Campbell, KY, and many of those children go to school in Clarksville, TN. There is a very serious problem with asbestos removal there in the county school system in Clarksville, TN, where many of these youngsters who are dependents of 101st Air Mobile personnel go to school.

How can we justify that we cannot remove asbestos using Federal funds from these schools in Clarksville, TN, while we find the funding to remove the asbestos in DOD schools that might be abroad, for example?

Mr. STONE. I am not familiar with the situation in Clarksville, TN, Senator.

Senator SASSER. I just cited that as an example.

Mr. STONE. That is a good question. My understanding of the asbestos issue in defense, we do not have a policy of removing asbestos. What we do, though, and the way we get into these big expenditures is

we go to renovate a building. We need to make some changes in it. We may need to put in a new communications system between the ceiling of the first floor and the floor of the second floor, we start some work, and the workmen find that there is asbestos there.

The asbestos, as I understand it, does not trouble people as long as it is left alone. It is where it is disturbed, where it is stirred up into the air that it represents a hazard. When we find it pursuant to other work, then we are just stuck. We have got to clean it up. I do not know of any defense program to remove asbestos that has not been disturbed.

I will certainly let you know. I will make sure about that. Let me ask my colleagues, do any of you know of a program to remove asbestos?

General DACEY. The program's title, sir, is asbestos management. We have gone through and conducted surveys and where we have been able to find asbestos we do the readings to see, No. 1, if it is friable and, No. 2, if there are any asbestos fibers in the ambient air that might be breathed in by people. We check it out, No. 1.

If we can contain it, that is, seal the area, then we do not go in and unnecessarily spend the dollars. If we find out that we cannot contain it and we have a health problem or, as Mr. Stone says, in any alterations to the building, we would then remove it. And that is expensive.

Our problem in describing the magnitude of the expense, is that it is normally done with our maintenance account dollars at the installation level, and just reported back as part of the normal maintenance. When we were asked the question on the Army side we went out and tried to get even a ballpark figure as to what we might be spending, but I am not sure we have any good figures at all.

We could go out and do a survey, sir, and come back and tell you for a given year or a trend line over the last few years what we have done. The situation you described is a very serious situation and we are finding it in all kinds of places, such as in housing that we lease; where we find it, we go back to the owner. It is the same kind of problem, and it is a capital investment on the part of whoever owns the facility as to how they are going to take care of that problem.

SUBMITTED QUESTIONS

Senator SASSER. Gentlemen, I am going to have to conclude the hearing at this point. We have additional questions which will be submitted for the record, and I ask, Mr. Stone, that you expeditiously respond to those questions. Also, the ranking member of this committee, Senator Specter, has questions which he has requested that I insert in the record on his behalf, and I request that expeditious responses be made to them.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Sasser

Obligational Rates

Question. Provide the obligation rates for each account funded in the military construction bill. What were the rates in FY 1981? If they have significantly changed, why have they changed? Are the rates projected to remain the same in the next five years?

Answer. The following table compares FY 1981 with FY 1986 obligations during the respective fiscal years as a percentage of the amounts appropriated for each program year:

	Obligation Rates	
Account	FY 1981	FY 1986
Military Construction, Army	72.3	84.5
Military Construction, Navy	82.1	65.0
Military Construction, Air Force	71.2	68.3
Military Construction, Defense Agencies	78.9	51.2
Military Construction, Nato	85.4	75.9
Military Construction, Army National Guard	80.4	94.4
Military Construction, Army Reserve	75.2	85.5
Military Construction, Naval Reserve	61.8	66.6
Military Construction, Air Force National Guard	57.1	86.7
Military Construction, Air Force Reserve	75.0	79.6
Military Construction Total	75.6	73.6
Family Housing	95.5	88.9
Military Construction and Family Housing, Total	82.9	78.5

The lower obligation rates for selected accounts in FY 1986 are generally attributable to program turbulences caused by implementation of the Public Law 99-177 reductions. Given the more stable environment projected for budget execution in FY 1987 and thereafter, it is anticipated that obligation rates will increase somewhat in the next five years.

BIDS

Question. Provide by Service the average number of bids being received for the FY 1987 program.

Answer. Army, 8; Navy, 7; and Air Force, 7.

Question. Has the number of bids changed significantly in the past five years? If so, why?

Answer. Yes. From Fiscal Year 1983 through Fiscal Year 1986, the average number of bids for the Army, Navy, and Air Force has fallen 20 percent, 45 percent, and 40 percent, respectively. The

most logical explanation for this is the improvement in the economy and the resulting increase in construction in the civilian sector. As a result, fewer construction firms are depending on Defense Department projects to meet their business requirements.

Question. In the recent Annual Report on Design and Construction received by the committee for FY 1986 it is stated that the Army received an average of eight bids per project, while the Navy and Air Force received only six. Why has the bid experience of the Services been so different?

Answer. It is not clear that the difference is statistically significant. Any explanation that the Department could give would be speculation.

Historic Facilities

Question. For the first time the budget requests funds for historic facilities. How would this account be utilized?

Answer. We believe it would be beneficial to consolidate all the costs associated with historical properties into a single account to reflect the total cost of the unique responsibilities the National Historic Preservation Act places on the DoD to maintain such structures. Costs such as improvements, renovations, modifications, demolition, replacement, maintenance, repair, and normal operating costs would be funded from this single account.

Question. Why is it necessary to set up a separate account for historic facilities?

Answer. Using military construction funds for all such costs would provide a uniform policy and would enhance our ability to make informed decisions regarding historic structures.

Question. What is programmed in each of the next five years for historic facilities?

Answer. For FY 1988, $17.100 million and $14.715 million for FY 1989. As this is a new budget activity, estimates have not been formulated for FY 1990-1992, however, the anticipated programming levels should not be less than the FY 1989 requested amount.

Question: What is the definition of a historic facility? By what process will facilities be selected to receive these funds?

Answer: Structures are an historic facility when they are either designated as National Historic Landmarks or are listed on the National Register of Historic Places maintained by the National Park Service of the Department of the Interior. Any DoD structure so designated will be budgeted and funded under the historic facilities budget activity.

Question: Will general officer quarters be included under this account?

Answer: Yes. All general and flag officer quarters designated as historic facilities will be included under this budget activity.

Pre-Mobilization Construction Authority

Question: Provide for the record a copy of the proposed pre-mobilization construction authority.

Answer: the proposed changes to Title 10 United States Code Section 2808 follow:

PRE-MOBILIZATION CONSTRUCTION AUTHORITY

Sec 802 (a) Chapter 169 of Title 10, United States Code, is amended by adding after Section 2808 the following new section:

"2808a. Construction during mobilization

"(a) When the President determines that there is an imminent threat to the national security that may require mobilization of the armed forces, the Secretary of Defense, without regard to any other provision of law, may undertake military construction projects, and may authorize the Secretaries of the military departments to undertake military construction projects, not otherwise authorized by law, that are necessary to meet a mobilization effort.

"(b) When a decision is made to undertake military construction projects authorized by this section, the Secretary of Defense shall notify the appropriate committees of Congress of that decision and of the estimated cost of the construction projects, including the cost of any real estate acquisition pertaining to those construction projects.

"(c)(1) A project carried out under this section shall be carried out within the total amount of funds appropriated for military construction, including funds appropriated for family housing, that have not been obligated.

"(2) The maximum amount that the Secretary may obligate in any fiscal year under this section is $100,000,000.

"(d) The authority in this subsection to initiate projects shall terminate six months after the Presidential determination referenced in subsection (a), unless the President issues a declaration of national emergency.

"(b) The table of sections of subchapter I of chapter 169 of title 10, United States Code, is amended by adding after the item relating to Section 2808 the following:

"2808a. Construction during mobilization.

Question. Provide for the record a detailed justification for the authority.

Answer. Today, the lack of the appropriate authority prior to the Declaration of National Emergency cripples efforts to resolve facilities shortcomings via military construction in a crisis situation. During mobilization and other similar operational responses to specific or a series of specific international events, selected portions of the CONUS base become oversaturated generating military construction requirements. Current authorities for military construction are either inappropriate or unresponsive in a crisis situation to adequately support the controlled and measured responses of the Armed Forces available to the President. The purpose of this proposed authority is to assure the President that the Armed Forces can sustain themselves in terms of facilities within the Continental United States and enable him to deter war by demonstrating to a potential aggressor by non-provocative means that the Armed Forces are capable and prepared to defend the United States.

For the past few years, the Office of the Secretary of Defense and the Services have been carefully reviewing the emergency authorities available to the President under various conditions to support the mobilization and deployment of the Armed Forces. These authorities afford the President the flexibility to

employ the nation's resources efficiently to support a broad range of options of varying intensity and scope. By doing so, they allow him to demonstrate the nation's determination to defend its security against an imminent threat in a controlled manner which avoids unnecessarily provocative action. Congressional recognition and support for emergency legislative authorities was most recently reaffirmed by the enactment of 10 USC 673b in Public Law 99-661 which authorizes the President to call up to 200,000 selected reservists to active duty for 90 days.

Recent JCS-sponsored exercises have confirmed the operational requirement for the expanded authority recently approved by Congress. However, they have also demonstrated that the facilities presently available to support forces called to active duty under this authority (10 USC 673b) are inadequate.

Several authorities, 10 USC 2803 (Emergency Construction) and 2804 (Contingency Construction) within the Services' capability to resolve this facility shortfall were seriously considered but could not satisfy the pre-mobilization situation in a timely manner. Both statutes prevented resolution in a crisis situation since the law precludes construction until 21 days after notification to the appropriate committees of Congress or their approval. Instead, these two statutes have served by design as an emergency means of responding to facility shortcomings resulting from unanticipated operational requirements that were developed on a case-by-case basis and out-of-cycle from normal Military Construction submissions.

Action at the time of crisis to enact emergency legislation to allow the immediate reprogramming and disbursement of military construction funds would - as our exercise experience demonstrates - take too long to be effective.

The proposed authority will mitigate this potential shortfall by allowing the Secretary of Defense to undertake military construction projects within the Continental United States, its territories and possessions, using up to $100,000,000 in available resources within each fiscal year to support force requirements under conditions other than declared national emergency. The four general categories of military construction anticipated are shown below:

(1) Expand and upgrade utilities.
    (a) Electrical distribution and transformers
    (b) Heating plants
    (c) Water distribution systems
(2) Augment and enlarge training areas and ranges.
    (a) Small arms ranges
    (b) Munitions ranges
    (c) Maneuver areas/courses
    (d) Classrooms
(3) Supplement logistical support facilities.
    (a) Petroleum, oil and lubricants storage and distribution systems
    (b) Ammunition storage pads and warehouses
    (c) Rail spur extensions/ramps
    (d) Maintenance shops
    (e) Secure arms storage
(4) Add quartering and administrative facilities.
    (a) New and renovated barracks
    (b) Dining facilities
    (c) Lavatories
    (d) Reception Stations

These projects would resolve immediate requirements and also serve as a prelude for fulfilling the expanded mobilization construction requirements currently authorized by 10 USC 2808 should a national emergency subsequently be declared.

The proposed Pre-Mobilization Construction Authority is essential to ensure adequate support for units mobilized to defend the national security in circumstances other than a declared national emergency. The absence of this proposed Pre-Mobilization Construction Authority will continue to shortchange the growing facilities needs for mobilizing forces and compromise the preparedness posture being assumed by the President to defend against threats to the national security in a crisis situation.

Question. The prepared statement indicates the lack of authority has been identified during recent mobilization exercises. For the record, provide a copy of each after action report which cites such weakness.

Answer: The classified extracts pertinent to this topic of the Headquarters, Department of the Army After Exercise Analysis Reports for the three most recent mobilization exercises that addressed this issue - PROUD SABER 83, POWDER RIVER 85 and PORT CALL 86 have been provided to the committee for the record as requested.

The unclassified portions of these reports follow:

a. The first series of extracts are from Headquarters, Department of the Army Exercise PROUD SABER/MOBEX 83 Exercise Analysis Report, Volume I, Main Report, 3 June 1983.

- Page IV-1-3, PROUD SABER 83 Critique Comments, Army Critique Number 43, dated 1 February 1983.

"Title

Partial Mobilization Construction

Problem

10 USC 2808 permits emergency construction to occur when a Declaration of War or National Emergency exists. Prior to that time, the only vehicle available for construction is reprogramming limited to a total of $20 million with a maximum of $30 million for each Military Construction, Army (MCA) Authorization Bill.

Discussion

Unless a national emergency has been declared, construction of military facilities follows peacetime procedures. When a partial mobilization occurs before a Declaration of National Emergency the Army can accomplish emergency construction only by single reprogramming authority limited by law to a maximum of $30 million IAW 10 USC 2803 of the MILCON Codification Law (PL 97-214) or by minor MCA Funds (usually $25-30 Million) for projects not to exceed $1 Million. In situations where large scale units are not deployed during a partial mobilization, new construction (for barracks) will probably be required. Authority must be available to permit construction to commence prior to a Declaration of National Emergency. Additionally, if full mobilization occurs within six months of a Declaration of National Emergency, needed construction may not be in-place.

Recommendation(s)

Office of the Chief of Engineers (OCE) prepare and staff draft legislation to amend 10 USC 2803 (c) (1) to increase the maximum amount that a Service Secretary may obligate in a fiscal year."

- Page IV-1-5, PROUD SABER 83 Critique Comments, Army

Critique Number 44, dated 1 February 1983.

"Title

Need for additional mobilization legislation

Problem

Existing emergency statutes do not provide the U.S. Army Corps of Engineers (USACE) with sufficient authority to accomplish all essential mobilization missions.

Discussion

a. Exercise PROUD SABER/MOBEX 83 revealed that the USACE needs additional budgetary and construction authority before it will be able to accomplish all of its essential mobilization missions. In addition, the USACE has identified a number of federal laws and regulations which impose real estate, labor, procurement, safety, and environmental constraints that would seriously impede the USACE's mobilization construction activities.

b. Although Section 2808 of the 1982 MILCON Codification Act (10 USC 2808) provides the USACE with some relief, play during the exercise revealed the following shortcomings:

(1) Section 2808 provides no relief prior to a Declaration of War or National Emergency -- much of the USACE's most significant construction activities will take place in the period preceding mobilization.

(2) Even after the President has declared a National Emergency, Section 2808 cannot be invoked unless it was specifically listed in the President's proclamation as required by the National Emergencies Act (50 USC 1601, et seq).

(3) Section 2808 does not address the USACE's Civil Works Resources.

(4) Section 2808 provides no explicit relief from real estate, labor, procurement, safety, or environmental constraints.

Recommendation(s)

a. The USACE is preparing draft legislation to address its special mobilization requirements both prior to and subsequent to a Declaration of War or National Emergency. Counsels in DOD, DA and USACE should ensure that the proposed legislation is coordinated promptly within DOD for transmission to OMB as part of the Army Civil Works Legislative Program for the first session of the 98th Congress.

b. In addition, the USACE should continue to identify specific procurement, labor, budgetary, safety, environmental and real estate constraints which would seriously impede its mobilization construction activities.

b. The second series of extracts are from Headquarters, Department of the Army Exercise POWDER RIVER 85 Exercise Analysis Report, Volume II, Analysis Area Reports, dated 23 September 1985, Army Analysis Area 4.5, Facilities Base Expansion.

- Page 4-40, paragraph 2.d. "Findings."

"The full cycle of the Mobilization Construction Program was executed. Procedures for invoking three authorities were established that authorized immediate design/construction of a critical project (10 USC 2803); allowed reprogramming of obligated Army Family Housing and Military Construction, Army funds for mobilization construction (10 USC 2808); and permitted acceleration termination of specific projects (10 USC 2858). Extensive construction time for mobilization projects necessitates anticipation of higher levels of mobilization and early approval of projects."

- Page 4-42, paragraph 3.c.(b). "Discussion."

"Prior to and during the exercise, procedures for approval and funding of the Mobilization Construction Program were exercised. MACOM consolidated, updated, and prioritized their mobilization projects in anticipation of full mobilization. The Mobilization Construction Requirements Review Committee (MOB-CRRC) reviewed, prioritized, and approved 552 projects ($5.3 billion). Action was initiated to amend the Presidential Declaration of National Emergency to include invocation of 10 USC 2808. Unobligated Army Family Housing and Military Construction, Army funds ($2.4 billion) were reprogrammed to support 222 projects by the MOB-CRRC under the provisions of 10 USC 2808. Special high priority projects were authorized for design and construction under the standing provisions of 10 USC 2803 while actions to invoke 10 USC 2808 were pursued. The Secretary of the Army authorized acceleration or termination of mobilization-supportive MCA projects identified by the MACOMs up to 125% of programmed amount. Construction contracts which are at least 70% complete should not be considered economical for termination."

- Page 4-44, paragraph 3e. "Discussion."

"The three critique items forwarded to JCS/DOD for resolution are:

- Theater Construction Requirements
- Emergency Military Construction
- Legislative Constraints on Construction

- Page 4-45, paragraph 4e. "Recommendations."

"OCE should streamline procedures for expediting the Mobilization Construction Program."

c. The last series of extracts are from Headquarters, Department of the Army Exercise Analysis Report, Exercise PORT CALL 86, dated 8 September 1986, Volume II - Army Analysis Areas, dated 8 September 1986, Army Analysis Area 6.5, "Facilities Base Expansion."

- Page 6-25, paragraph 2a(2) and (3). "Findings."

- "No construction directives were forwarded to the U.S. Army Engineer Divisions and Districts because appropriate authority was not received from OSD thru HQDA."

- "There is currently no authority or resources for the Army to accomplish military construction for mobilization prior to a Declaration of National Emergency."

- Page 6-27 and 6-28, paragraph 2c(2) and (3). "Discussion."

- "No construction directives were forwarded to the U.S. Army Engineer Divisions and Districts because appropriate authority under Title 10 USC 2808 was not received from OSD. Early in the exercise, OACE asked the MACOM for a list of "War Stoppers." This request produced a requirement of $123 million of war essential construction to include some projects that required acceleration (USAREUR). Subsequently, the Construction Requirements Review Committee (CRRC) met and approved for design and construction the $123 Million MACOM "War Stoppers" and $2.1 Billion from the $6.8 Billion Mobilization Project List (MPL). Concurrent with these actions, MACOM, USACE Divisions, and Districts were determining what projects should be completed, accelerated, or terminated; what funds would be freed by termination, and what funds would be required to accelerate projects. USACE Divisions and Districts were alerted to expect directives following the CRRC meeting scheduled for E+6. The absence of a systematic review of construction projects at OSD significantly delayed issuance of the construction directives during the exercise."

- "There is currently no authority or resources for the Army to accomplish Military Construction for mobilization prior to a Declaration of National Emergency nor is there legislation that allows the Chief of Engineers to divert Civil Works construction funds to Military Construction projects. The needed authority can be obtained from the Congress by legislation to permit military construction not otherwise authorized by law within the United States when there is an imminent threat to national security which may require mobilization. Further, Department of the Army Civil Works resources not essential to national defense should be made available to accomplish military construction, civil works, and civil defense projects needed in the interests of national security during mobilization."

- Page 6-30, paragraph 3e. "Discussion."
  "The critique items forwarded for resolution are:
  (1) Environmental legislative relief
  (2) Legislative relief for MILCON
  (3) Mobilization population load imbalance"

- Page 6-31, paragraph 4a(2) and (6). "Recommendations."
  - "Draft and forward legislation to revise 10 USC 2808, to delegate authority to Service secretaries, to include fiscal authority to execute construction on "War Stoppers" and Group I Mobilization Projects upon Congressional Declaration of a National Emergency."
  - "Ensure that authorities for accomplishing military construction for mobilization prior to Declaration of a National Emergency are enacted; prepare standby legislation packages for use in intervening situations."

Premobilization Construction Authority

Question. How would funds under this authority be disbursed?

Answer. The proposed premobilization construction authority would retain the level of funds control and accountability existing in current procedures and regulations. Accordingly, funds would be disbursed based upon a certification by the construction agent that payment is appropriate based on a satisfactory level of completion by the supplier of construction services.

QUESTION: What role will be permitted the Congress if such authority is granted? Will Congress be notified? Will Congress have the ability to reject a request as in the case with emergency construction?

ANSWER: The legislative proposal would require the Secretary of Defense to notify the appropriate committees of Congress of the decision to construct and the estimated cost of any projects, including land acquisition, to be undertaken with the subject authority. As written, there is no notice and wait provision. The authority would only be used in the event of an impending state of emergency. Any delay in project execution could be critical to the anticipated national situation.

Question. Is it possible that this authority could be invoked without ever making a declaration of war or national emergency?

Answer. Yes. The purpose of this proposed authority is to assure the President that the Armed Forces can sustain themselves

in terms of facilities within the Continental United States and enable him to deter war by demonstrating to a potential aggressor by non-provocative means that the nation is capable and prepared to defend the United States.

Question. You already have over $100 million of emergency and contingency construction authority. Would this new authority be additional to or a replacement of the existing authority?

Answer. This new authority would be an additional authority. The existing emergency (10 USC 2803) and contingency construction authorities (10 USC 2804) are not directly pertinent to mobilization preparation in terms of Military Construction projects. Instead, they focus on (1) resolving facility shortcomings resulting from operational requirements on a case-by-case basis and (2) satisfying requirements that develop out-of-cycle from normal Military Construction submissions. The new authority would allow the Armed Forces to prepare the CONUS base in a deliberate manner for potential conflict as a direct result to a specific or series of specific hostile international events in a crisis environment as determined by the President.

Question. In the past thirty years, how many times has the President mobilized the forces? In the same period how many times has the President declared war or a national emergency that required new construction?

Answer. To provide more points of reference for consideration, our answer includes events within the past fifty years. The following events caused the President to mobilize the forces:

(a) In May 1940, with the fall of France, Congress authorized an increase in the Army to 375,000 and the calling of the National Guard and other Reserves to active duty. Following the attack on Pearl Harbor, Congress declared war on 8 December 1941.

(b) On June 25, 1950, when North Korea launched a surprise invasion of South Korea across the 38th parallel, the UN Security Council recommended that all members of the United Nations give military assistance to the forces of the outmatched Republic of Korea. President Truman ordered American air and naval forces to support the ROK Army as well as the three understrength U. S. divisions occupying nearby Japan. With only 10 active divisions in the Army, Congress immediately authorized calling up National Guard and Organized Reserve units and individuals for 21 months service. In August 1950, the President called up four National Guard divisions and two Regimental Combat Teams (RCTs), at the same time approving an increase of Army authorized strength to 1,081,000. By April 1951, the President had approved authorized strength of 1,558,000 and 18 divisions (subsequently raised to 21) by the end of the fiscal year. When an armistice agreement was finally achieved in July 1953, Army strength stood at 1,526,921 with 20 active divisions.

(c) In mid-1961, the international crisis over the status of Berlin led to a partial mobilization of the Army Reserve Components for the purpose of (1) rounding out U. S. Army forces in Europe, (2) developing a six-division force for possible deployment to Europe, and (3) expanding the CONUS mobilization and training base. A total of 439 units including two divisions and one training division were called up. Individual reservists were also inducted as fillers for mobilized units.

(d) On 11 April 1968, based on the need to provide addi-

tional units for deployment to Vietnam, to reinforce U. S. Strategic Army Forces, and to reduce personnel turbulence in the CONUS force, the first of 76 units were ordered to active duty, including two infantry brigades. Personnel from the Individual Ready Reserve were also mobilized as fillers. Of the 76 units mobilized, 43 units were deployed to Vietnam, most of them leaving the U. S. in September and October 1968. The remaining units were used to fill gaps in the Strategic Army Forces.

During the same period the new military construction requirements supporting a declaration of war or national emergency follow:

(a) In WWII, for example, the Quartermaster and Corps of Engineers embraced more than 27,000 projects and cost $15.3 billion, roughly $59 billion in 1970 prices. Among its major features were camps and cantonments to house 5.3 million troops; plants to mass produce explosives, ammunition, tanks and planes; hospitals; a huge network of ports and depots, etc.

(b) In the Korean conflict, only 5 years had elapsed since WWII so that the huge CONUS base structure developed during WWII was still reasonably intact. This situation obviated the need for a crash construction effort in CONUS as had occurred in the early 1940's.

ZAIRE

Question. Provide for the record a description of any construction from any funding source which has been or will be undertaken in the country of Zaire. Include the amount, the funding source, the authority and the reason for the construction.

Answer. There is no construction that has been accomplished or that has been programmed at this time.

Question. Why is the Department of Defense undertaking infrastructure enhancements in a country where we have no base access rights?

Answer. Currently, the Department is not undertaking any infrastructure enhancements. However, before undertaking any enhancements, an access agreement would be obtained.

Question. Will the U.S. seek or are we seeking formal base access in Zaire?

Answer. We are attempting to get interagency approval to negotiate an agreement.

Question. Is any military construction programmed for Zaire in the next five years?

Answer. There is none currently programmed. If an access agreement were to be negotiated, then there is a relatively small amount of construction that would be programmed for pavement and site work that would ensure safe aircraft operations and prolong the useful life of the Kamina base airfield.

WAR RESERVE STOCKPILE

Question. In January the U.S. and Thai Governments signed an agreement to establish a war reserve stockpile in Thailand. Will facilities be constructed for this stockpile?

Answer. Surveys are ongoing to determine if sufficient storage capacity exists in country or if new construction will be required.

Question. What accounts will be utilized to pay for the construction?

Answer. The construction cost will be borne by the host nation.

Question. Is any military construction programmed in the next five years for Thailand?

Answer. None is programmed.

801/802 PROGRAMS

Question. Provide for the record a description of the 801/802 housing programs.

Answer. Build-to-Lease Housing Program (801) - The 801 program permits the Military Departments to enter into contracts for housing to be built on or near military installations in the United States with a housing shortage. The housing to be leased must be constructed to Department of Defense standards, and the lease cannot exceed 20 years. At the end of the period, the government has the right of first refusal should the developer decide to sell the project. The housing must be five percent less costly than a similar Military Construction housing project as measured by an economic analysis mutually acceptable to the appropriate Congressional Committees and the Department.

Rental Guarantee Program (802) - The 802 program authorizes the Military Departments to enter into agreements to assure occupancy of rental housing to be constructed to Department of Defense standards on or near military installations with an existing shortage of housing. Agreements may not assure more than 97 percent occupancy and can only assure the shelter rent of the housing units. They may not apply to existing housing and cannot exceed a period of 25 years. Agreements will establish rental rates that will not exceed those of the surrounding area and may include an escalation clause. As with the 801 program an 802 project must be cost effective when compared with Military Construction.

Question. What has been the experience of these programs to date?

Answer. 801 - Over the past two years the Congress has approved and the Department has awarded 16 Section 801 Family Housing Build-Lease projects which will result in 4800 housing units. Congress has expressed two principal concerns with the 801 program:

cost and size of the program. Last year, working with Congress we successfully brought the costs under control. This year, at the direction of both the Authorization and Appropriation Conferees we have proposed a 5 year housing plan that controls the size of the program. Using a mix of 60 percent construction to 40 percent Build-Lease (801), we propose to acquire 13,590 801 units in the U.S. between FY 88 and 92.

Our experience to date seeking approval for projects with the Administration and with Congress has led to the conclusion that future 801 projects should normally be located off base. Additionally our experience with developers and financiers awarding the first 16 projects indicates that considerable savings are obtainable on future projects if the government takes an option on private land, makes this land parcel available to all bidders and after award and project acceptance, performs maintenance by separate maintenance service contract. The savings are a result of increased competition, and financing available at lower rates. The status of the currently authorized 801 program is listed below:

Location	No. of Leases	FY Auth	Status
Army			
Ft. Hood, TX	300	84	Final design due 3/87
Ft. Polk, LA	300	84	Under construction
Ft. Wainwright, AK	400	85	Under construction, 51 occupied
Ft. Drum, NY	1,400	85	Under construction, 396 occupied
Ft. Polk, LA	300	86	Construction scheduled 4/87
Ft. Drum, NY	300	86	Construction scheduled 4/87
Oahu, HI	400	87	Developing RFP
Ft. Wainwright, AK	150	87	Developing RFP
Ft. Drum, NY	300	87	Developing RFP
Ft. Bliss, TX	150	87	Developing RFP
Navy			
PWC, Norfolk, VA	300	84	Under construction
NWS, Earle, NJ	300	84	Contract awarded, Environmental delay
NS, Mayport, FL	200	86	Contract signed
MCAGCC, 29Palms, CA	200	86	Contractor selected
MCB Camp Pendleton, CA	200	86	Developing RFP
Staten Island, NY	1,000	87	Developing RFP
Air Force			
Eielson AFB, AK	300	84	Completed
Hanscom AFB, MA	163	84	Under construction
March AFB, CA	200	86	Awarded contract
Goodfellow AFB, TX	200	86	Awarded, Final DSGN Phase
Castle AFB, CA	200	86	Developing RFP
Onizuka AFS, CA	200	87	Developing RFP
Los Angeles AFS, CA	200	87	Developing RFP
Andrews AFB, MD	200	87	Developing RFP
Norton AFB, CA	400	87	Developing RFP

802 - Eight projects have been advertised. On four of the projects we received zero or only one bid and no awards were made. Contracts for four other 802 projects, accounting for 1,400

potential units have been awarded, none have been constructed or received permanent financing. Generally 802 rental rates are significantly lower than Build-Lease because they are tied to the Serviceman's Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA). These rates are based on existing housing rental rates which are lower than rates for newly constructed units. Because less money is available for construction, it has been difficult to finance the projects. In the 802 Program we're trying to build new houses at existing rental rates (BAQ/VHA). If we can do it we'll be able to build a lot of houses and go a long way towards solving the housing shortage.

From a financing standpoint the initial projects offered too short a guarantee period, only 15 years to amortize the construction. A second problem was only a small portion of the rent was permitted to rise each year with inflation. The legislative changes enacted last year will solve these two problems. The guarantee is now for 25 years and all the rent can rise with inflation. The status of the currently authorized 802 program is listed below:

Army			
Ft. Rucker, AL	300	84	Awarded contract, delayed for financing
Ft. Campbell, KY	300	84	Awarded contract, delayed for financing
Ft. Hood, TX	500	86	Awarded contract, delayed for financing
Ft. Benning, GA	100	86	Developing RFP
Ft. Bragg, NC	400	87	Developing RFP
Ft. Stewart, GA	200	87	Developing RFP
Navy			
San Diego, CA	300		Developing RFP
NAS, Whidbey Is., WA	400		Developing RFP
NS, Mayport, FL	200		Developing RFP
NWS, Earle, NJ	200		Developing RFP
Air Force			
Norton AFB, CA	300	84	Awarded contract, delayed for financing
Hurlburt AFB, FL	300	84	Developing RFP
Pope AFB, NC	200	86	Developing RFP
Fairchild AFB, WA	200	86	Developing RFP
Ellsworth AFB, ND	200	86	Developing RFP
Loring AFB, ME	100	87	Developing RFP
F.W. Warren AFB, WY	100	87	Developing RFP
Petersen AFB, CO	200	87	Developing RFP
Unspecified Location	200	87	Developing RFP

Question. Does the department plan to continue these programs?

Answer. 801 - Yes. The 801 program is now an important, and much needed addition to the Military Construction program. The percentage of married Service members has increased 16 percent since 1983. More housing is required to accommodate our growing number of service families. While our requirement for family housing is growing, the changes in the tax law tend to discourage private investment in multi-family housing projects. The 801

program permits us to satisfy part of the housing deficit with annual payments rather than heavily impacting the family housing budget with high capital costs. The FY 88/89 legislation would extend the program to 30 September 1989 and would authorize a total of 7,600 units for FY 88 and FY 89. The proposal would also authorize the acquisition of existing units that have been rehabilitated. This will allow more flexibility, especially in densely populated areas where land availability is a problem.

802 - Yes. Numerous changes to the FY 1987 law should make it easier to achieve a successful 802 project. The Department plans to execute more projects under the new law and evaluate the results. The proposed FY 88/89 Legislative changes would authorize the acquisition of existing units that have been rehabilitated under authority of the section 802 program, extend the program to include Defense Agencies, and allow the renewal of existing contracts when the units are on government-owned land. These changes will increase the desirability of the program and encourage more interest from the private sector.

Question. What is programmed in the next five years?

Answer. 801 - The Department has submitted a five year plan to the Congress which proposes authorizing 13,590 801 units between FY 88 and 92. The first increment of this plan, 7,600 units, has been requested in the FY 88 and 89 budget request. Proposed locations for the first increment are listed below. Locations for the FY 90 through FY 92 portion of the plan will be chosen based on housing survey information available prior to the FY 90 budget request. The locations of our current deficit areas are listed in the report submitted to the committee on 4 March of this year and entered into this record by the Chairman.

Location	Leases	Auth	Status
Army			
*Ft. Wainwright, AK	550	-	Projected (88/89 Request)
*Ft. Polk, LA	500	-	Projected (88/89 Request)
*Ft. Bliss, TX	450	-	Projected (88/89 Request)
*Ft. Bragg, NC	600	-	Projected (88/89 Request)
*Ft. Leonard Wood, MO	200	-	Projected (88/89 Request)
*Oahu, HI	1,000	-	Projected (88/89 Request)
*Ft. Belvoir, VA	200	-	Projected (88/89 Request)
Navy			
*San Francisco, CA	400	-	Projected (88/89 Request)
*Long Beach, CA	400	-	Projected (88/89 Request)
*Fallon, NV	200	-	Projected (88/89 Request)
*NS, Norfolk, VA	400	-	Projected (88/89 Request)
*NS, Mayport, FL	200	-	Projected (88/89 Request)
*Moffet Field, CA	200	-	Projected (88/89 Request)
*CBC, Pt. Hueneme, CA	200	-	Projected (88/89 Request)
Air Force			
*Whiteman AFB, MO	500	-	Projected (88/89 Request)
*Hurlburt Field, FL (Elgin Aux Field #9)	300	-	Projected (88/89 Request)
*Peterson AFB, CO	200	-	Projected (88/89 Request)
*Ellsworth AFB, SD	200	-	Projected (88/89 Request)

*Andrews AFB, MD	200	-	Projected (88/89 Request)
*Bolling AFB, DC	200	-	Projected (88/89 Request)
*Grand Forks AFB, ND	200	-	Projected (88/89 Request)
*Loring AFB, ME	100	-	Projected (88/89 Request)
*Kirtland AFB, NM	100	-	Projected (88/89 Request)
*Seymour-Johnson AFB, SC	100	-	Projected (88/89 Request)

*The 801 projects projected for FY 1988/1989 authorizations are based on the best current housing survey data available. The location and size of these projected projects may vary should future survey information or evaluation of these locations as 801 sites indicate need for planning revisions.

802 - Future programming of 802 projects will be determined after this years's experience with changes in the law enacted last year.

Foreign Currency Fluctuation (FCF)

Question. Has the decline in the value of the dollar over the past two years inhibited your ability to execute the construction and family housing programs as intended by Congressional appropriations?

Answer. Yes. The decline in the value of the dollar is inhibiting execution of the Family Housing O&M and Military Construction programs. The funds appropriated are now insufficient to cover the current costs of all approved foreign projects. Attempts are being made to minimize this loss by delaying award of selected construction projects while waiting for bid savings to accrue. These delayed projects may have to be funded with new appropriations. Family housing maintenance has been reduced and this will contribute to the backlog of deferred maintenance and repair. These actions will delay, but not prevent, the execution of the appropriated programs. If anticipated savings do not materialize, or the dollar does not improve, some projects may eventually be cancelled, or supplemental funds may be requested in a future year.

Question. What is the dollar value of the FCF impact (by service, by appropriation) that you have had to absorb in FY 1986 and thus far in FY 1987?

Answer.

(In Million of Dollars)

		FY 1986	FY 1987
Army	MILCON	172.8	74.3
	FAMILY HOUSING O&M	9.0	111.0
	FAMILY HOUSING CONSTRUCTION	15.0	4.0
Navy	MILCON	0	7.0
	FAMILY HOUSING O&M	0	11.8
	FAMILY HOUSING CONSTRUCTION	0	0
Air Force	MILCON	34.0	43.0
	FAMILY HOUSING O&M	0	53.0
	FAMILY HOUSING CONSTRUCTION	0	4.0
Defense Agencies	MILCON	23.3	21.2
	FAMILY HOUSING O&M	0	0
	FAMILY HOUSING CONSTRUCTION	0	0
Totals	MILCON	230.1	145.5
	FAMILY HOUSING O&M	9.0	175.8
	FAMILY HOUSING CONSTRUCTION	15.0	8.0
		254.1	329.3

Question. What would the dollar value be, due to FCF, if all your overseas unliquidated obligations were due and payable today (by service, by appropriations)?

Answer.

		(In Million of Dollars)
Army	MILCON	379.0
	FAMILY HOUSING O&M	164.0
	FAMILY HOUSING CONSTRUCTION	67.0
Navy	MILCON	16.3
	FAMILY HOUSING O&M	4.5
	FAMILY HOUSING CONSTRUCTION	-0-
Air Force	MILCON	130.0
	FAMILY HOUSING O&M	33.0
	FAMILY HOUSING CONSTRUCTION	31.0
Totals	MILCON	525.3
	FAMILY HOUSING O&M	201.5
	FAMILY HOUSING CONSTRUCTION	98.0
		$824.8

FOREIGN CURRENCY FLUCTUATION (FCF)

Question. In your opinion, should the above stated impact of FCF be absorbed by the host countries? Could this be mandated by a requirement that all foreign construction projects, leases, and other purchases be contracted and payable in U.S. dollars?

Answer. No, the impact of foreign currency losses should not be absorbed by host nations. Currently, most contracts overseas are negotiated in the currency of the host nation. If Congress mandated a requirement that all contracts were negotiated in dollars then host nations would indeed absorb losses caused by a declining dollar. However, nations would also stand to make significant gains during periods when the value of the dollar is increasing. A contract for a $2 million construction project in Germany signed in May 1983 would have cost DM 4.8 million at the prevailing rate of DM 2.43 per dollar. Construction progress payments would have extended over the next two years during a time when the dollar was increasing in value against the Deutschmark by some 32 percent. By February 1985 the dollar bought 3.20 marks.

Overseas Base Closures and Openings

Question. What are the overseas bases that have been closed in the past five years? How many DoD personnel and sponsored dependents have returned to the CONUS as a result?

Army Answer:

INSTALLATION NAME	CLOSURE DATE
Germany	
Hainberg School (Nuernberg)	Mar 87
Gartenstadt Housing Area (7ATC)	Oct 86
CINC's Residence (Heidelberg)	Jun 86
Ludwigsturm Radio Relay Fac (Stuttgart)	Mar 86
Crailsheim Water Treatment Plant (Ansbach-part of GE54K)	Jan 85
Regensburg Tac Missile Fac (7ATC)	Aug 85

INSTALLATION NAME	CLOSURE DATE
Drangstedt Kaserne (Norddeutschland)	Aug 85
Columbia Hotel (Munich)	Sep 85
Wueschheim Mis Sta (Bad Kreuznach)	Jan 85
Scharnhausen Sewage Plt (Stuttgart)	Feb 85
Zweibruecken Admin Fac (Zweibruecken)	Oct 84
Inneringen Tac Def Sta (Neu Ulm)	Jan 84
Gehspitz Training Area (Frankfurt)	Apr 84
Giessen Rifle Range (Giessen)	Jan 84
Lahr Comm Station (Karlsruhe)	Nov 83
Langenbrand Comm Fac (Karlsruhe)	Apr 83
Bremgarten Comm Fac (Karlsruhe)	Jun 83
Soellingen Comm Fac (Karlsruhe)	Jun 83
Stuttgart Spt Center (Stuttgart)	Sep 83
Korea	
Radar Site #8	Sep 86
Little Inch	Sep 85
Camp Kim	Aug 85
Radar Site #9	Mar 85
Radar Site #11	Feb 85
Radar Site #13	Dec 83
Radar Site #12	Dec 83
Radar Site #5	Dec 83
Radar Site #10	Oct 82
Site #34	Jun 82
Camp Hill	Jun 82
Site 36	May 82
Camp Irwin	May 82
Site 32	May 82
Site 42	May 82

Army has no information available on the number of personnel returned to CONUS as a result.

Navy Answer: Navy has closed no bases overseas in the past five years. We did disestablish one major shore command: U.S. Naval Communications Station, Balboa, Panama. This command was disestablished on 30 Sep 83. The disestablishment resulted in the return of approximately 80 military and civilian personnel plus approximately 100 dependents to CONUS.

Air Force Answer:

Hahenecken FH Aux, GE	Dec 81
Stelzenberg FH Aux, GE	Dec 81
Hessisch Oldendorf Storage Aux, GE	Mar 82
Kaiserslautern FH Aux No. 7, GE	Mar 82
Kaiserslautern FH Aux, GE	Dec 81
Ching Chuan Kang AB, Taiwan	Jun 82
Fort Nelson TACAN Site, Canada	Apr 82
Port Hardy TACAN Site, Canada	Apr 82
Sandspit TACAN Site, Canada	Apr 82
Whitehouse TACAN Site, Canada	Apr 82
Ankara Hospital, Turkey	Jun 82
Isleham FH Aux, U.K.	Aug 82
Red Lodge FH Aux, U.K.	Sep 82
Thetford FH Aux, U.K.	Sep 82
Assemini Bachelor Hsg Aux, Italy	Jan 82
Battweiler FH Aux GE	Dec 82
Brandon FH Aux U.K.	Jul 82

INSTALLATION NAME	CLOSURE DATE
Feltwell FH Aux No. 2 U.K.	Jul 82
RAF Mildenhall TACAN Aux U.K.	Jul 82
Quartu Santa Elena Bachelor Hst Aux IT	Mar 82
Zweibrucken Storage Aux GE	Apr 82
Thetford FH Aux No. 2 U.K.	Jul 82
RAF Bircham Newton FH Aux U.K.	Nov 82
Bonn Communication Facility No. 1 GE	Jan 83
Landstuhl FH Aux GE	Dec 82
Hahnerhof Aux GE	Apr 83
RAF Wincombe Radio Beacon Site U.K.	Jul 83
St. Columb FH Aux U.K.	Jul 83
Mt. John Satellite Tracking Site N.Z.	Jan 84
Glyfada Admin Office GR	Aug 83
Ankara FH Aux No. 1 Turkey	Sep 83
Istanbul Admin Office Turkey	Sep 83
Madrid FH Site Spain	Sep 82
Toledo Service Aux Spain	Sep 83
Aviano FH Aux No. 3 Italy	Jun 83
Ardley FH Aux U.K.	Aug 83
Banpton FH Aux U.K.	Feb 84
Eching Radio Beacon Site GE	Apr 84
Hohes Moor Radio Beacon Site GE	May 84
Polcenigo FH Aux IT	Sep 84
Trimley St. Martin FH Aux U.K.	Jun 84
Comisco Admin Aux IT	Jan 84
Nagai Communications Station Japan	May 85
Grand Turk Air Station Turca	84
North Creek Tracking Aux #2 Turca	84
Athenai FH Site No. 4 Greece	Oct 85
Uoula FH Site No. 5 Greece	Oct 85
Athenai FH Site No. 2 Greece	Oct 85
Uoula FH Site No. 1 Greece	Oct 85
Nivelles Bachelor Hsg Aux Belgium	May 85
Grand Turk Air Station Turks&Caicos	Feb 84
North Creek Tracking Aux Turks&Caicos	Feb 84
Athenai Admin Office No. 1 Greece	Jun 84
Bicester FH Aux U.K.	Oct 85
Glyfade School Greece	Sep 85
Andersen Quary Aux Guam	Feb 84
Upper Heyford ILS Middle Marker Aux U.K.	Oct 85
Upper Heyford ILS Outer Marker Aux U.K.	Oct 85
Upper Heyford Water System Aux U.K.	Oct 85
Mindanao Seismic Research Site PH	Jul 85
Bamban Radio Beacon Aux Philippines	Dec 85
Kastri Service Site Greece	Jun 85
Calemakli Radio Relay Site Turkey	May 86
Corlv Radio Relay Site Turkey	May 86
Izmit Radio Relay Site Turkey	May 86
Orakay Radio Relay Site Turkey	May 86
Athenai Service Aux No. 4 Greece	Mar 86
Comiso Storage Aux No. 6 Italy	May 85
Argyroupolis Radio Relay Site Greece	Apr 86
Elevsis Radio Relay Site Greece	Apr 86
Perivslaki Radio Relay Site Greece	Apr 86
Yannitsa Radio Relay Site Greece	Apr 86
Mangil-San Liaison Aux Korea	Apr 86
Palgong-San Liaison Aux Korea	Mar 86

Pohang Communications Site Korea	Sep 84
Pusan Communications Site Korea	Aug 84
Yechan Communications Site Korea	May 85
Yongmun San Liaision Aux Korea	Jun 86
Bicestor School U.K.	Aug 86
Mangil-San Liaision Aux Korea	Apr 86

The number of Air Force personnel reductions at these overseas locations follows:

Fiscal Year	Installations/Country	Number of Personnel
1982	None	0
1983	Bonn Communication Fac #1, Germany	21
1984	Grand Truk Air Station, Turca	1
1985	Mindanao Seismic Research Site, PI	20
1986	Mangil-San Liaison Aux, Korea	45
1986	Palgong-San Liaison Aux, Korea	38
1986	Yongmun San Liaison Aux, Korea	36

Question: What are the overseas bases or sites that have been opened in the past five years? How many DoD personnel and sponsored dependents have gone overseas from the CONUS as a result? (Include all locations where the U.S. has a military presence or the right to access in a contingency.)

Army Answer: Overseas installations that have been opened in the past five years.

INSTALLATION NAME	CLOSURE DATE
Kalmit Radio Relay Site (Karlsruhe)	Dec 86
Frasdorf Ops Area (Bad Toelz)	Nov 86
Gerhardhofen Forward Sto Site (Ansbach)	Jun 86
Hainberg School (Nuernberg)	May 86
Alsberg Fwd Storage Site (Hanau)	Feb 85
Grenderich Missile Station (Bad Kreuznach)	Dec 85
Sterbfritz Fwd Storage (Wildflecken)	Sep 85
Edigheim Beacon Site (Mannheim)	Sep 85
RAF Chessington (UK)	Oct 85
Eygelshoven RSA (Netherlands)	Dec 85
Coevorden POMSS* (Netherlands)	Nov 85
Brunssum POMSS (Netherlands)	Mar 84
Ter Apel POMSS (Netherlands)	Dec 84
Vriezenveen POMSS (Netherlands)	Nov 84
Grobbendonk Site (NSSG)**	Nov 84
Zutendahl Site (NSSG)	Nov 84
Weilimdorf Whse (Stuttgart)	Nov 84
Altenschoenbach Comm Site (Wuerzburg)	Oct 84
Hammelburg Fwd Storage Site (Wuerzburg)	Oct 84
Mombach Maint Plant (Mainz)	Aug 83
Ulrichstein Billeting Area (Fulda)	Jun 83
Flensungen Fwd Storage Site (Giessen)	Sep 83
Grebenhain Fwd STO Site (Hanau)	Mar 82

* POMSS-Prepositioned Organizational Material Storage Site (POMCUS)
** NSSG-NATO-SHAPE Support Group (Moens, Belgium)

Camp Yongin	Aug 83
4 Papa 3	Jul 85
Palgongsan	Sep 86
	(transferred from USAF)

There is no information available to detail whether the staff of the new bases came from CONUS or elsewhere.

Navy Answer: During the last few years, construction has been completed on contigency facilities at Mombasa, Kenya; Berbera, Somolia; and Masira, Oman. These facilities were funded in the FY 1982 and FY 1983 MILCON programs. The numbers of permanent military personnel at these contingency facilities are very small: currently 14 in Kenya, 2 in Somolia, and none in Oman. Note that Air Force also has a program in Oman; in fact, Air Force sponsored the MILCON for Navy there at the direction of OSD.

Air Force Answer:

Adelaide Anx Australia	1982
Basdahl Com GE	"
Bramley Fhg UK	1982
Camp Shields Fhg Japan	"
Comiso Asn Italy	"
Euren Stg GE	"
Hess Oldendorf 01 Stg GE	"
Hess Oldendorf 02 Stg GE	"
Instanbul Fhg Turkey	"
Izmir 04 Stg Turkey	"
Kindsbach Stg GE	"
Koksijde Abs BE	"
La Bornas Rrl Italy	"
London Stg UK	"
O'Donnell Asn	"
Pil-Sung Wrg Korea	"
RAF Andover Fhg UK	"
RAF Compton Basse Fhg UK	"
Roverdo Stg Italy	"
Torrejon Stg Spain	"
Trier Stg GE	"
Trier Clewig Stg GE	"
Wanna Com GE	"
Bicester No. 2 Fhg UK	1983
Brindisi Stg Italy	"
Comiso 01 Bhg Italy	"
Comiso 01 Stg Italy	"
Comiso 02 Bhg Italy	"
Comiso 02 Stg Italy	"
Comiso 03 Stg Italy	"
Comiso 03 Shg Italy	"
Comiso 04 Stg Italy	"
Comiso 05 Stg Italy	"
Egelsbach Fhg GE	"
Enkenbach Stg GE	"
Eriswell Fhg UK	"
Fornebu Apt Stg Norway	"
Gozar Asn Philippines	"
Istanbul 02 Fhg Turkey	"
Kaiserslautern 02 Stg GE	"
Kaiserslautern Stg GE	"
Lakenheath Fhg UK	"
Monteforte Fhg Italy	"
Nocton Hall RAF UK	"
Paranal Asn Philippines	"
Paredes Asn Philippines	"

RAF Upavon Fhg UK	"
RAF Wittering Fhg UK	"
Saxmundham Fhg Uk	"
Soesterberg Stg Netherlands	"
Sonseca Svc Spain	"
Sourmena 02 Stg Green	"
Wyton RAF UK	"
Aviano 03 Fhg Italy	1984
Barajas Adm Spain	"
Bury St Edmunds Adm UK	"
Chiaramonte Gulfl Bhg Italy	"
Couillet Stg Belgium	"
Falaen Bhg Belgium	"
Florennes Stg Belgium	"
Florennes Abs Belgium	"
Florennes Adm Belgium	"
Florennes Bhg Belgium	"
Geilenkirchen Fhg GE	"
Gerpinnes Fhg Belgium	"
Gournes Stg Gree	"
Hartford Fhg UK	"
Iraklion Stg Greece	"
Lechfeld Abs GE	"
Mercogliano Fhg Italy	"
Oakington Stg UK	"
RAF Chilwell Stg UK	"
RAF Hullavington Stg UK	"
Reinsfeld Stg GE	"
Roly Fhg Belgium	"
Rosee Fhg Belgium	"
Salmtal Stg GE	"
St Ives Fhg UK	"
Trier 02 Stg GE	"
Yaxley Fhg UK	"
Zweibrucken 01 Stg GE	"
Ankara 03 Hsg Turkey	1985
Bedford Stg UK	"
Bitburg Stg GE	"
Bitburg Fhg GE	"
Braunshorn Fhg GE	"
Camp Courtney Fhg Japan	"
Copenhagen Fhg Denmark	"
Donaueschingen Hsp GE	"
Eisenach Stg GE	"
Hundheim Anx GE	"
Incirlik Stg Turkey	"
Kaiserslautern Sch GE	"
Kirchberg Adm GE	"
Landsberg Abs GE	"
Loeffelscheid Fhg GE	"
Marina D Ragusa Bhg Italy	"
Martina Franca Bhg Italy	"
Porcia Stg Italy	"
RAF Kemble Fhg UK	"
Ragusa Bhg Italy	"
Santa Croce Bhg Italy	"
Scicli Bhg Italy	"

Sembach Stg GE	1985
Simmern Fhg GE	"
Schren 02 Stg GE	"
Sohren Stg GE	"
Sugny Amo Belgium	"
Torrejon 02 Stg Spain	"
Aviano 02 Adm Italy	1986
Gournes Fhg Greece	"
Homburg Stg GE	"
Kaiserslautern 03 Stg GE	"
Moenchengladbach Stg GE	"
Rheniboellen Fhg GE	"
Roveredo 02 Stg Italy	"
S. Quiring Stg Italy	"
Villasor Stg Italy	"
Wakkanai Asn Japan	"
Yesilbayir Stg Turkey	"
Camp McTureous Fhg Japan	"

The number of resulting Air Force personnel increases follows:

Installation/Country	Number of Personnel
Basdahl Com GE	280
Comiso Asn Italy	1965
Pil Sung Wrg Korea	56
Wanna Com GE	73

Question: List the locations in question 2 that have been acquired, repaired or maintained with other than military construction or military family housing funds.

Army Answer: Brunssum POMSS
Ter Apel POMSS
Vriezenveen POMSS
Grobbendonk Site
Zutendaal Site
Kalmit Radio Relay Site
Alsberg Fwd Storage Site
Grenderich Missile Station
Gerhardshofen Fwd Storage Site
Sterbfritz Fwd Storage Site
Hammelburg Fwd Storage Site
Flensungen Fwd Storage Site
Camp Yongin

Navy Answer: The Navy has no bases falling within this category.

Air Force Answer: All the Air Force locations listed above have been acquired, repaired, or maintained by country to country agreement, or through military construction or military family housing funds on land leased under country to country agreement.

Question: Provide a list of fifteen Army, ten Air Force, and five Navy overseas bases or sites (containing 500 or more DoD personnel that could be closed within 24 months --exclude Pershing and GLCM bases.

Answer: The Services currently have no overseas bases that can be closed within 24 months.

Question: List every overseas location where there is a DoD presence of between 50 and 500 personnel and the number of personnel at these locations.

Army Answer:

Community	Installation	MIL	CIV	TOTAL
Europe				
7ATC	Hemau	52	1	53
	Bayreuth	222	6	228
	Roerensee	222	6	228
	Pioneer	90	66	156
Netherlands	Brunssum	450	1	451
	Coevorden	87		87
	Hoekvan	71	16	87
	Steenwij	130		130
Norddeutschland	Flensburg	197		197
	Kellingh	54		54
	Soegel	188		188
Kaiserslautern	KAD	100	248	348
	Eselsfuerth	190	31	221
	Kai Equip Spt	68	36	104
NSSG	Grobbenda	35	129	164
Pirmasens	Rupwlr Ammo	214		214
Rheinberg	Durendrive	91		91
	Xanten	130		130
	Wesel	83		83
	Munster	424	8	432
UK	Burtonwood	34	132	166
	Liverpool	34	315	349
Worms	Schonebrn	128		128
	Donnerfels	72	0	72
	De La Police	73	12	85
HQ Setaf	Elevsis	208	21	229
	Yiannits	52		52
	Sciaves	92		92
	Cakmakli	191	3	194
	Corlu	64		64
	Erzurum	56		56
Vicenza	Ceggia	146		146
	Longare	150		150
	Mt Clvrn	114		114
	Oderzo	81		81
Bamberg	Storrnge	274	61	335
Garmisch	Sheridan	88	72	160
	Strub	45	50	95
Munich	Bad Abling	57		57
New Ulm	Gunzburg	171		171
	Von Stueben Msl	61	0	61
Stuttgart	Echterdgn	458		458
	Grenadier	58	140	198
	Karls	158	12	170
	Pfulendrf	101		101
	Wallace	97	148	245
Wuerzburg	Faulenbrg	339		339
	Hardheim	127		127

Baumholder	Balesfel	128		128
	Hospital	99		99
	Erbeskop	70		70
	Hisel	128		128
	Hontheim	128		128
	Reitschid	128		128
	Welschllg	128		128
	Wetzel Kn	333		333
Darmstadt	Muenster	425		425
Fulda	Fulda Eng	79		79
Frankfurt	Ag Pubs	36	101	137
	Fkt Afn	122		122
	Michael	394		394
	Rhein Mn	309		309
	Camp King	468	0	468
	Fkt Gruenhof	123	0	123
Giessen	Bueren	206		206
	Hrbrnslbh	179		179
	Lippr Hhe	50		50
	Werl Comm	100		100
	Menden	147		147
Bad Kreuznach	Minick Kn	176		176
	Wuescheim	157		157
	Hospital	428	0	428
Mainz	Azbill Bk	249		249
Wiesbaden	Kastel	67		67
	Montabaur	67		67
Heidelberg	Hammonds	106	358	464
	HD Airfld	188	81	269
	Rheinau K	40	21	61
	Autobahn	72	78	150
Korea				
	Long	423	7	430
	Ames	169	8	177
	Bonifas	358	0	358
	Castle	467	2	469
	Chejudo	26	1	27
	Colbern	402	2	404
	Edwards	373	0	373
	Stanton	337	3	340
	Sears	158	6	164
	4 Papa 3	109	0	109
	4 Papa 1	98	0	98
	Nimble	167	0	167
	Liberty Bell	192	0	192
	Jackson	54	0	54
	Indian	164	0	164
	H-220	449	0	449
	Greaves	451	6	457
	Giant	147	6	153
	Garry Owen	345	2	347
	Freedom Bridge	40	0	40
	Laguardia	177	0	177
	Kyle	258	0	258
	Yongin	82	0	82
	Market	210	23	233
	Mercer	459	4	463
	Libby Pol	46	3	49
	Pusan Store Fac	73	0	73

Japan

INSTALLATION	MIL	DAC	MLC[1]	OTHERS[2]	TOTAL
Akasaka Press Center	51*	5	119	140	315
Sagamihara Fam Hsg Area	3	27	73	82	185
Akizuki Ammo Depot	35	7	171	4	217
Kawakami Ammo Depot	3	3	148	1	155
Hiro Ammo Depot	-	-	38	-	28
Kure Pier No. 6	1	23	-	-	24
Naha Port	40	15	147	-	202
Army POL Depots	46	15	140	65	266

* Includes other than US Army.
1 Master Labor Contract (MLC) Japanese Employees.
2 Other than MLC employees e.g., contractor, NAF.

Installation	Military	Civilian	Local Nationals	Total
Panama				
Balboa Heights	10	186	74	270
Fort Amador	54	29	129	212
Ft Espinar/Coco Solo	28	139	242	409

Navy Answer:

NAME	PERSONNEL *
USN Support Facility Antiqua	70
USN Fac, Argentia, Newfoundland, Canada	440
USN Communications Station, New Makri, Greece	350
USN Support Activity, Souda Bay, Greece	110
USN Communications Station, Thurso, Scotland	180
USN Facility, Brawdy, Wales	360
USN Weapons Facility, St. Mawgan, England	170
Administrative Support Unit, Bahrain	90
USN Communications Sta, Harold Holt, Australia	420
USN Security Grp Activity, Hanza, OK, JA	310
US Fleet Activities, Chinhae, Republic of Korea	80
USN Communications Sta, San Miguel, Philippines	400

Air Force Answer:

Installation	# of Personnel
Ahlhorn	85
Albrook	202
Alzey	85
Ankara, Turkey	471
Ankara Afm, Turkey	56
Araxos, Greece	113
Athens, Greece	57
Augsburg	148
Bad Aibling	128
Balikesir	123
Basdahl	280
Boerfink	248
Brunssum	188
Brussels, Belgium	101
Buchel	143
Cairo, Egypt	81
Chievres	100
Cp Kinser	178
Cp Red Cloud	145
Cp Smith	341
Croughton	436

Decimomannu	204
Dhahran AFM, Saudi Arabia	70
Feldberg	110
Frankfort, Germany	168
Frankfort, Main, GE	93
Ft Buckner	69
Ghedi	110
Heidelberg, Germany	114
High Wycomber, UK	140
Hofn	111
Izmir, Turkey	85
John Hay	131
Kalkar City	113
Kemble	89
Kimhae Intl	73
Klein Brogel	137
Kolsas	85
Kwang-Ju, Korea	489
Langerkoph	86
Leghorn	71
Leiphem	82
London, UK	64
Manila, Philippines	71
Martlesham H/RAF, UK	68
Memmingen	122
Monte Vergine	126
Murted	115
Naples, Italy	398
Neubrucke	52
No Bay	58
Norvenich	222
Oslo, Norway	69
Pateras	66
Pil-Sung, Korea	55
Pirinclik	149
Quarry Heights	100
RAF Welford, UK	207
Rhein Grafenstein, GE	73
Rimini	109
Riyadh, Saudi Arabia	207
Rockville	182
Ruppertsweiler	77
San Miguel	78
Schierstein	232
Seoul, Korea	52
Shape, Belgium	241
Sounderstrom, Greenland	80
Stuttgart-Vaihing	474
Thule, Greenland	253
Upwood	204
Uxbridge	169
Vincenzza	68
Volkel	142
Wallace	252
Wanna	73
Wenigerath	211
Wurtburg	83
Yong San, Korea	298

ALTERNATIVE CONSTRUCTION METHODS

Question. For the past three years, Congress has encouraged the use of alternative construction methods to determine the extent of cost savings that may be realized. It is now time to stop and review the success or failure of these initiatives. Provide a description of each method undertaken.

Answer. The principal methods that the Department's design and construction agents have undertaken are one-step turnkey contracting and packaging of projects. In one-step turnkey contracting procedures, a contractor is selected on the basis of price and other evaluation criteria to perform, in accordance with the provisions of a firm fixed-price contract, both the design and construction of a facility using performance specifications supplied by the user. Packaging of projects recognizes the economies of scale of combining a number of smaller projects into a single, larger contract. The Department packages projects when factors such as geography, type of facility, design status, and operational necessity permit; however, we must be careful that we do not actually reduce competition by making the project too large.

Question. Provide an analysis of each project constructed using the methods listed above. Include the estimated cost and time to complete the projects under normal construction practice and the actual cost and time to complete under the alternate practice.

Answer. It is premature to provide a detailed analysis of the benefits of the turnkey projects since none have been completed. However, preliminary estimates indicate a time savings of 9 to 12 months with an associated 3.5 to 5 percent savings due to escalation only. Packaging of projects generally results in improved competition, reduced mobilization and overhead costs, and minimized contractor interference during construction. These factors tend to make packaging more cost-effective to the Government but in some instances the cumulative low bids on each separate project are below the lowest package bid and the projects are awarded separately.

Question. For projects constructed under the design/build concept provide an estimate of anticipated cost growth under normal practice (project is 100 percent designed prior to beginning construction) and actual cost growth experienced using the concurrent design and build method.

Answer. Since none of the projects undertaken using the one-step turnkey procedures authorized by the Military Construction Authorization Act, 1986, have been completed, the actual cost growth cannot be determined.

Question. Does it ever make economic sense to begin construction of a project prior to the project being fully designed?

Answer. Yes, particularly when time is important. Being able to initiate construction while continuing design of a facility will not necessarily shorten the construction time but will result in occupancy by the user sooner than if construction started after

completion of design. However, because of the potential impact on construction of any changes which are made as design progresses, this procedure is used infrequently.

INTERMEDIATE RANGE MISSILE (IRM) NEGOTIATIONS

Question. Assuming that the current IRM negotiations result in withdrawal of Pershings and Ground Launch Cruise Missiles from Europe, provide the following information for the record (by Service):

A. List the projects and amounts in the FY 1988 request for Pershing and GLCM sites that could be cancelled (MILCON and MFH).

B. List projects appropriated in FY 1987 and prior that could be cancelled and associated savings (MILCON and MFH).

C. List the amount of Family Housing Operations and Maintenance, by category, requested in FY 1988 for Pershing and GLCM sites.

Answer. It is premature at this juncture to speculate on the likelihood or timing of an INF agreement and, therefore, it is not appropriate to discuss the cancellation of construction projects. It has been NATO's resolve and determination to deploy these systems that has been instrumental in prompting the Soviets to participate in the Geneva negotiations. For record purposes, the FY 1988 budget includes $41.8 million for mission and community support facilities and $35.5 million for military family housing at the GLCM sites. An additional $9.4 million is requested for leasing. For FY 1987, Congress appropriated $57.7 million for construction. Many of these projects as well as most of the projects approved in prior years are under contract or completed.

Question. After withdrawal of missiles would each Pershing and GLCM site be closed? If not, why not?

Answer. It is premature at this juncture to speculate on the likelihood or timing of an INF agreement or on how an agreement might affect any future use of existing facilities at these sites.

Question. How many U.S. personnel (enlisted and officers) and sponsored dependents would be returned to the CONUS in the event of closure of the Pershing and GLCM sites (by Service and grade)?

Answer. It is premature at this juncture to speculate on the likelihood or timing of an INF agreement or on how an agreement might impact manpower force levels and distribution.

ANNUAL COST TO SUPPORT MILITARY

Question: What is the annual cost (by appropriation, by object class) of supporting in Europe: one enlisted person; one officer; one enlisted with one dependent; and one officer with one dependent?

Answer: Costs to support military personnel are not maintained or allocated on that basis. However, just the

military personnel costs for a typical enlisted grade E-4, without dependents in Europe, staying on base are approximately $19,400. Costs for an E-4 with dependents and staying off base are approximately $23,300. For an officer, grade O-4, without dependents, the military personnel costs are approximately $58,100. An O-4 with dependents would cost approximately $63,000.

SALARY SCHEDULE FOR ENLISTED AND OFFICER PERSONNEL

Question. Provide the salary structure for enlisted and officer personnel (include housing and separate rations).

Answer. The information is attached:

MONTHLY BASIC PAY TABLE
EFFECTIVE 1 JANUARY 1987

PAY GRADE	YEARS OF SERVICE <2	2	3	4	6	8	10	12	14	16	18	20	22	26
COMMISSIONED OFFICERS														
O- 10	5378.10	5567.70	5567.70	5567.70	5567.70	5781.00	5781.00	6223.50	6223.50	6668.70	6668.70	7115.10	7115.10	7558.50
O- 9	4766.70	4891.50	4995.60	4995.60	4995.60	5122.50	5122.50	5335.80	5335.80	5781.00	5781.00	6223.50	6223.50	6668.70
O- 8	4317.30	4446.60	4552.20	4552.20	4552.20	4891.50	4891.50	5122.50	5122.50	5335.80	5567.70	5781.00	6012.90	6012.90
O- 7	3587.40	3831.30	3831.30	3831.30	4002.90	4002.90	4235.10	4235.10	4446.60	4891.50	5227.80	5227.80	5227.80	5227.80
O- 6	2658.90	2921.40	3112.50	3112.50	3112.50	3112.50	3112.50	3112.50	3218.10	3727.20	3917.70	4002.90	4235.10	4593.30
O- 5	2126.40	2497.20	2669.70	2669.70	2669.70	2669.70	2750.70	2898.30	3092.70	3324.00	3514.80	3621.30	3747.60	3747.60
O- 4	1792.50	2182.80	2328.30	2328.30	2371.50	2476.20	2645.10	2793.90	2921.40	3049.50	3133.80	3133.80	3133.80	3133.80
O- 3	1665.90	1862.40	1990.80	2202.90	2308.20	2391.30	2520.60	2645.10	2710.20	2710.20	2710.20	2710.20	2710.20	2710.20
O- 2	1452.60	1586.40	1905.60	1969.80	2011.20	2011.20	2011.20	2011.20	2011.20	2011.20	2011.20	2011.20	2011.20	2011.20
O- 1	1260.90	1312.80	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40	1586.40
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY AS AN ENLISTED MEMBER OR WARRANT OFFICER														
O- 3 E	0.00	0.00	0.00	2202.90	2308.20	2391.30	2520.60	2645.10	2750.70	2750.70	2750.70	2750.70	2750.70	2750.70
O- 2 E	0.00	0.00	0.00	1969.80	2011.20	2074.80	2182.80	2266.20	2328.30	2328.30	2328.30	2328.30	2328.30	2328.30
O- 1 E	0.00	0.00	0.00	1586.40	1694.70	1757.10	1820.70	1884.00	1969.80	1969.80	1969.80	1969.80	1969.80	1969.80

WARRANT OFFICERS

W- 4	1697.10	1820.70	1820.70	1862.40	1947.00	2032.80	2118.30	2266.20	2371.50	2454.60	2520.60	2601.90	2688.90	2898.30
W- 3	1542.30	1673.10	1673.10	1694.70	1714.50	1839.90	1947.00	2011.20	2074.80	2136.60	2202.90	2288.40	2371.50	2454.60
W- 2	1350.90	1461.60	1461.60	1504.20	1586.40	1673.10	1736.70	1800.30	1862.40	1927.50	1990.80	2053.80	2136.60	2136.60
W- 1	1125.60	1290.60	1290.60	1398.30	1461.60	1524.30	1586.40	1652.10	1714.50	1778.10	1839.90	1905.60	1905.60	1905.60

ENLISTED MEMBERS

E- 9	0.00	0.00	0.00	0.00	0.00	0.00	1974.00	2018.70	2064.30	2111.70	2158.80	2200.80	2316.60	2541.90
E- 8	0.00	0.00	0.00	0.00	0.00	1655.70	1702.80	1747.50	1793.10	1840.20	1882.80	1929.00	2042.40	2270.10
E- 7	1155.90	1247.70	1294.20	1339.20	1385.10	1429.20	1474.80	1520.70	1589.40	1634.70	1680.30	1702.20	1816.50	2042.40
E- 6	994.50	1083.90	1129.20	1177.20	1221.00	1265.40	1311.90	1379.40	1422.60	1468.50	1491.00	1491.00	1491.00	1491.00
E- 5	872.70	950.10	996.00	1039.50	1107.60	1152.60	1198.50	1242.60	1265.40	1265.40	1265.40	1265.40	1265.40	1265.40
E- 4	814.20	859.50	909.90	980.70	1019.40	1019.40	1019.40	1019.40	1019.40	1019.40	1019.40	1019.40	1019.40	1019.40
E- 3	766.80	808.80	841.50	874.80	874.80	874.80	874.80	874.80	874.80	874.80	874.80	874.80	874.80	874.80
E- 2	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00	738.00
E- 1 >4	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20	658.20
E- 1 <4	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40	608.40

C/S 8340 M/S 3089.4

Note: As of March 1, 1987, basic pay is limited to $6041.70 by Level V of the Executive Schedule.

MONTHLY
BASIC ALLOWANCE FOR QUARTERS RATES
EFFECTIVE 1 JANUARY 1987

PAY GRADE	WITHOUT DEPENDENTS FULL RATE	WITHOUT DEPENDENTS PARTIAL RATE	WITH DEPENDENTS
O- 10	570.00	50.70	701.10
O- 9	570.00	50.70	701.10
O- 8	570.00	50.70	701.10
O- 7	570.00	50.70	701.10
O- 6	523.20	39.60	636.00
O- 5	493.80	33.00	585.90
O- 4	452.70	26.70	535.50
O- 3	366.60	22.20	446.40
O- 2	295.20	17.70	382.80
O- 1	253.20	13.20	343.20
W- 4	414.90	25.20	481.50
W- 3	350.40	20.70	430.80
W- 2	315.30	15.90	402.60
W- 1	266.70	13.80	351.00
E- 9	334.50	18.60	456.00
E- 8	309.90	15.30	424.80
E- 7	264.60	12.00	395.10
E- 6	234.90	9.90	358.50
E- 5	217.20	8.70	318.60
E- 4	188.40	8.10	275.40
E- 3	183.00	7.80	253.20
E- 2	155.40	7.20	253.20
E- 1	141.60	6.90	253.20

****
* BASIC ALLOWANCE FOR SUBSISTENCE *
****

OFFICERS 112.65/MONTH

ENLISTED MEMBERS

	E-1<4 MONTHS	ALL OTHER ENLISTED
When on leave or authorized to mess separately:	4.96/DAY	5.37/DAY
When rations in-kind are not available:	5.61/DAY	6.07/DAY
When assigned to duty under emergency conditions where no messing facilities of the United States are available:	7.43/DAY	8.03/DAY

DESIGN

Question. Provide for the record a listing by Service and Agency of each project which will be designed utilizing funds requested for planning and design in FY 1988 and FY 1989.

Answer. The FY 1988 and FY 1989 planning and design requests are for funds that will be used to design projects that will be submitted for appropriation in the Fiscal Years 1989-1991 programs. This budget item is a level of effort request since not all the projects that will be designed with these funds have been identified. Design costs vary as to complexity and size of each project.

The following pages list those projects used to forecast the planning and design funds requirements that have been identified. We can only provide a partial list since the FY 1990 and FY 1991 program data represent planning information only.

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design And Project Listing
Projects for which final design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Anniston Army Depot	CHEMICAL AREA SECURITY	34,772	LF	4,990	140
Fort Rucker	UNACC OFF QTRS	50	EN	1,650	40
Alaska					
Fort Richardson	TACT EQUIP SHOP-LID	34,680	SF	5,370	160
Fort Richardson	BARRACKS-LID	106	EN	5,090	150
Fort Richardson	BATALION HQ	23,990	SF	3,480	100
Fort Richardson	DPI/ICC FAC-LID		LS	1,880	50
Fort Wainwright	EMISSION FIT CTR (LID)	73,240	SF	14,470	430
Fort Wainwright	COLD STOR WHSE ADD (LID)	5,900	CF	1,790	50
Fort Wainwright	VEHICLE MAINTENANCE SHOP	42,900	SF	8,580	270
Fort Wainwright	CONSOLIDATED FUEL FAC	28	CL	1,360	40
Fort Wainwright	SERC SECURITY OFF-LID	13,200	SF	2,020	60
Fort Wainwright	BATALION HQ BLDG-CIRL	36,040	SF	6,220	180
Fort Wainwright	UTILITIES EXPANSION-LID		LS	2,800	80
Arkansas					
Pine Bluff Arsenal	BINARY FAC PHASE III (MM3	14,502	SF	2,640	70
Pine Bluff Arsenal	CHEM ESCL AREA (EXT IDS)	50,000	LF	890	20
California					
Fort Irwin	TAC EQUIP SHOP-NTC	12,600	SF	3,200	90
Fort Ord	FIRE & MOVEMENT RANGE	1	EA	1,410	40
Fort Ord	AMMO STORAGE RELOCATION	40,752	SF	8,480	250
Oakland Army Base	DREDGE SHIP BERTHING AREA,	112,000	CY	940	20
Colorado					
Fort Carson	AUTOMATED RECORD FIRE RG	2	EA	2,310	60
Fort Carson	COLD STORAGE FAC		LS	1,880	50
Pueblo Depot Activity	INTRUSION ALARM SYS	1	EA	2,640	70
District of Columbia					
Walter Reed Army Med Ctr	PURCHSE WATER REED INN	54	EN	1,460	40
Foreign Various					
Location 177	EQ ADD ICC 177	40	EN	1,600	40
Location 177	CENS BLDG ADD ICC 177	5,950	SF	700	20
Location 276	COMBINED CENS CTR ICC 276	45,500	SF	6,080	180
Location 276	RECREATION CENTER ICC 276	25,000	SF	1,980	50
CONUS-Locations Unspecified	COMMAND & CNTRL FAC UPGD	169	KV	7,430	220
Georgia					
Fort Benning	USA SCH OF AMERICAS	329,606	SF	22,630	670
Fort Stewart	TAC EQUIP SHOP	20,394	SF	3,370	100
Fort Stewart	BRIGADE OAC	20,085	SF	2,260	60
Germany					
Germany Various	BARRACKS-VILSECK	346	EN	9,300	270
Germany Various	AMMO STORAGE-MAINZ	10,000	SF	1,920	50
Germany Various	EMS FIT TRNG CTR-RHEINB	52,050	SF	5,460	160
Germany Various	TACT EQUIP SHOP-GIESSEN	33,770	SF	5,940	170
Germany Various	EMCS-SCHWEBELS		LS	1,110	30
Germany Various	EMER DEFUEL/TEST FAC-PISCH	12,228	SF	820	20
Germany Various	BARRACKS W/ADMIN-BITBURG	199	EN	5,370	160
Germany Various	TACT EQUIP SHOP-BITBURG	7,764	SF	1,880	50
Germany Various	AIR FOIL CIRL SYS-PIRMS		LS	1,200	30
Germany Various	GP HQ BLDG-BITBURG	10,000	SF	1,480	40
Germany Various	CL I SIG FAC-GRAFNR		LS	6,680	200
Germany Various	AIRCRAFT MAINT-FINTHEN	67,060	SF	9,540	280
Germany Various	BARRACKS-MOREE	312	EN	6,600	190
Germany Various	CHILD DEV CTR-HEIDLBRN		LS	2,120	60
Germany Various	CHILD DEV CTR-KAISERSCH	11,535	SF	1,500	40
Germany Various	CHILD DEV CTR-NUERNBERG H	9,650	SF	1,320	30
Germany Various	AR EN HQ 7MIO-VILSECK	14,838	SF	1,790	50
Germany Various	TCFC RANGE - FRIEDBERG	1	EA	1,690	50
Germany Various	FOL GEN SIG-SIGKELS		LS	2,100	60
Germany Various	UNACC BERS HEG-7MIC	16	EN	1,110	30
Germany Various	MIL CLOTHE SALES-VILSECK		LS	790	20
Germany Various	TACT EQUIP SHOP	208,814	SF	14,140	420
Germany Various	BARRACKS-CMP MAY	94	EN	2,920	80
Germany Various	TAC MCD EH II-RHEINLND	20,627	SF	8,260	240
Germany Various	TACT EQUIP SHOP-LNDAU	195,425	SF	14,140	420
Germany Various	BARRSHD(HSE)-COLEMAN	47,400	SY	5,180	150

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1988

STATE / SUBTION	Project Description	Scope	Unit Mea	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Germany					
Germany Various	CBT MAN COMP HH I-MUNIZ	104,988	SF	15,080	450
Germany Various	TACT EQUIP SHOP-HARVEY	299,440	SF	10,750	320
Germany Various	BAC MOD HHV-EMBERG	212,614	SF	13,390	400
Germany Various	CHILD DEV CTR-ERICH		LS	2,910	80
Germany Various	HARDSTND - DARNER	16,110	SY	4,000	110
Germany Various	OPER OBS BLDG KOHNFELS	14,838	SF	1,690	50
Germany Various	HARDSTND-HANAU	52,334	SY	4,430	130
Germany Various	BKS COMPLEX-KOHNFELS	539	SF	13,010	390
Germany Various	OPER DINING FAC KOHNFELS	650	EN	2,400	70
Germany Various	OPER ACES FAC KOHNFELS		LS	510	10
Germany Various	CHILD DEV CTR-KARLSRUE	19,270	SF	2,210	60
Germany Various	OPER VEH SHEDS KOHNFELS	116,846	SF	6,130	180
Germany Various	OPER CL I WHSE KOHNFELS	40,002	SF	3,530	100
Germany Various	CHILD DEV CTR-JDM JEFF BKS	9,700	SF	1,250	30
Germany Various	OPER CHILD DEV KOHNFELS	9,690	SF	1,500	40
Germany Various	CHILD DEV CTR-HAY BKS	8,220	SF	1,130	30
Germany Various	OPER TRNG AIDES KOHNFELS	8,000	SF	1,210	30
Germany Various	OPER BKS FIT CTR KOHNFE	26,100	SF	2,970	80
Germany Various	CON, HIG PIT VILSECK	120	MB	16,970	500
Germany Various	CHAPEL/REL ED FAC-GIEBEL	10,355	SF	1,630	40
Germany Various	UTILITIES EXPANSION	10	MB	13,910	410
Greece					
Greece Various	COMMUNICATIONS FAC-KIRSIS	3,500	SF	660	10
Greece Various	BARRACKS-ARGAFOULIS	8	EN	610	10
Greece Various	BARRACKS-PERIVOLAKI	35	EN	1,130	30
Hawaii					
Fort Shafter	ADP FACILITY -WAMCS	13,500	SF	5,720	170
Fort Shafter	BARRACKS W/DINING	230	EN	8,390	250
Helemano Military Res	NCO ACADEMY	54,000	SF	7,260	210
Schofield Barracks	MULTI-PURP TRNG RNG	1	EA	4,430	130
Honduras					
Honduras Various	URGR FAC-SAMERCIA	16	EN	2,870	80
Illinois					
Fort Sheridan	DINING FACILITY MOD-SHRN	500	EN	570	10
Italy					
Italy Various	CHILD DEVELOPMENT CENTER	11,220	SF	1,170	30
Italy Various	UTIL SYS REN-CP DARBY		LS	2,540	70
Japan					
Japan Various	Relocate Field Offices	5,333	SF	1,360	40
Japan Various	DREDGE MAIN CHANNEL (EH II	312,000	CY	22,630	670
Kansas					
Fort Leavenworth	ACADEMIC INSTRUCTION FAC	256,776	SF	30,990	920
Fort Leavenworth	COMMUNICATION CTR	8,000	SF	620	10
Fort Riley	BARRACK MOD V-CH	820	EN	10,180	300
Kentucky					
Fort Campbell	CHAPEL	8,600	SF	1,130	30
Fort Campbell	HARDSTND/TACT EQUIP SHOP	37,910	SF	4,520	130
Korea					
Korea Various	MOUT FACILITY- CASEY	1	EA	2,070	60
Korea Various	BATTALION HQTS BLDG-FAC	35,600	SF	550	10
Korea Various	UEH - HOVEY	196	EN	7,320	210
Korea Various	BARRACKS-INDIAN	98	EN	2,010	60
Korea Various	MANEUVER TRNG AREA-GREAVES	1	EA	1,320	30
Korea Various	HG/CLAYMORE TNG CTR - GREA	1	EA	720	20
Korea Various	GR LAUNCHER RG - GREAVES	1	EA	660	10
Korea Various	SNIPER/RD RANGE-CASEY	3	EA	1,080	30
Korea Various	UEH - EDWARDS	130	EN	3,150	90
Korea Various	UEH - GREAVES	16	EN	800	20
Korea Various	UEH - SEARS	14	EN	970	20
Korea Various	CHILD DEV CENTER-TARGU	29,557	SF	1,460	40
Korea Various	UNAC OFF REG-H220	96	EN	3,520	100
Korea Various	BARRACKS-SUNNION	28	EN	1,360	40
Korea Various	BARRACKS-HIALEAH	276	EN	5,370	160
Korea Various	MK19 RANGE-CASEY	1	EA	740	20

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1988

STATE / LOCATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Korea Various	UNDERGRND DIST/SCIF-CHSEY	14,715	SF	2,680	80
Korea Various	UNAC OFF HEQ-EAGE	48	EN	2,100	60
Korea Various	BARRACKS-CP SUNNEY	216	EN	9,430	280
Korea Various	BARRACKS- CAMP CARN	16	EN	1,170	30
Korea Various	CHILD DEV FAC-CARROLL	20,683	SF	990	20
Korea Various	BARRACKS-HOVEY	82	EN	4,310	120
Korea Various	BARRACKS-CASTLE	158	EN	4,370	130
Korea Various	UEH, COLBERN	105	EN	3,430	100
Korea Various	BDE/BN HQ BLDG, SUNNEY	7,270	SF	720	20
Korea Various	UNAC OFF HEQ-HUMPHREYS	310	EN	9,290	270
Korea Various	MUNITIONS STOR, VAR ZED	80,000	SF	5,840	170
Korea Various	AAN SUPPORT FACS-P401	434	EN	9,140	270
Marjalein					
Marjalein Atoll	DRY DOCK FACILITIES	8,550	SF	11,120	330
Marjalein Atoll	UNDR/EXPD FRSHWTR SYS	2,550	MG	1,000	30
Marjalein Atoll	MUK EQUIPMENT BLDGS	1,840	SF	610	10
Marjalein Atoll	REPLACE EQP'S, ROI NAMUR	100	EN	10,750	320
Louisiana					
Fort Polk	CONSOL SUPPLY FAC-PTF	174,502	SF	11,620	340
Maryland					
Aberdeen Proving Ground	APPLIED INSTR FAC	83,197	SF	7,800	230
Aberdeen Proving Ground	BARRACKS-V	320	EN	5,750	170
Fort Meade	HQCUDC RELOC MCD	75,987	SF	4,000	110
Fort Ritchie	SECURITY UPGRADE	3,600	SF	2,160	60
Fort Ritchie	EMER BUILDING MCD		LS	3,010	90
Fort Ritchie	ADMIN STRUCTURE MCD	302	SF	2,590	70
Fort Ritchie	POWER ENHANCEMENT PHII		LS	8,580	250
New Jersey					
Bayonne Mil Ocean Term	OPER LIGHTING-LOTS 65&67	3,000	LF	850	20
New York					
U S Military Academy	ENRS MCD-CP NATURAL BRIDGE	1,188	EN	7,710	230
U S Military Academy	UG SEWER-REGIONAL	370	MG	2,070	60
U S Military Academy	MCD ACADEMIC FACS PH IV	47,940	SF	3,530	100
North Carolina					
Fort Bragg	OPERATIONS COMPLEX-BOOOM	113,481	SF	14,140	420
Fort Bragg	AIRCRAFT MAINT HGRS	174,294	SF	40,550	1,210
Fort Bragg	CHILD DEVELOPMENT CTRS(2)	30,560	SF	3,580	100
Fort Bragg	APPLIED INSTR FAC	4,500	SF	1,030	30
Fort Bragg	SEWAGE TREATMENT PLT UPGR	8,000	MG	3,750	110
Fort Bragg	COMM FACILITY	5,500	SF	1,390	40
Okinawa					
Okinawa Various	COMMUNICATIONS CIR-OKINAWA	14,000	SF	4,790	140
Oklahoma					
Fort Sill	MTRS MAINT FACILITY	23,000	SF	3,340	100
Oregon					
Umatilla Depot Activity	INTRUSION ALARM SYS	2	EA	2,800	80
Panama					
Fort Clayton	CHILD DEVELOPMENT CENTER			1,220	30
Panama Area	BARRACKS MCD-FT SHERMAN	64	EN	1,980	50
Pennsylvania					
Letterkenny Army Depot	IND WASTE TRMT PLT EXP		LS	1,790	50
New Cumberland Army Depot	ENERGY CONSERVATION MCD		LS	1,690	50
Texas					
Corpus Christi Army Depot	AIRFRAME SUP FAC ADN	51,436	SF	4,170	120
Fort Bliss	AMMO SUPPLY POINT IMP	19,478	SF	3,290	90
Fort Hood	EN HQTS	25,023	SF	2,640	70
Fort Hood	MAINT FAC	239,167	SF	18,860	560
Fort Hood	CHILD DEV/CHAPEL/REL EDU	67,023	SF	6,500	190
Utah					
Dugway Proving Ground	COMBINED CHEM LAB FAC	45,373	SF	9,530	280
Dugway Proving Ground	IRRIGATION SYSTEM	74,800	LF	2,920	80
Dugway Proving Ground	DPTO SECURITY OFFICE	7,315	SF	790	20
Dugway Proving Ground	VEHICLE MAINT SHOP	9,812	SF	990	20

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Utah					
Tooele Army Depot	INTRUSION ALARM SYS	2	EA	3,770	110
Tooele Army Depot	CONSOLIDATED MAINT MOD	372,000	SF	33,950	1,010
Virginia					
Fort Eustis	EMERGENCY SERVICES BLDG	19,270	SF	2,260	60
Fort Pickett	MULTI PURPOSE TNG RANGE	1	EA	7,160	210
Vint Hill Farms Station	WAREHOUSE	15,000	SF	1,500	40
Washington					
Fort Lewis	CDOC FIELD OPERATIONS BLDG	16,635	SF	2,210	60
Fort Lewis	TACT EQUIP SHOP 29TH SIG	64,368	SF	9,240	270

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Fort Rucker	MG M60 AND M2 RANGE	1	EA	1,640	60
Alaska					
Fort Richardson	TRNG RANGES	6	EA	5,110	200
California					
Fort Irwin	LOGISTICS SUPPORT CTR-NTC	20,000	SF	6,220	240
Fort Ord	EMISSIONAL FITNESS CEN		LS	7,260	290
Fort Ord	RECREATION CENTER	52,000	SF	5,490	210
Fort Ord	SANITARY WASTE FACILITY	115	TN	1,620	60
Fort Ord	RECORD FIRE RANGE	1	EA	1,970	70
Fort Ord	EMISSIONAL FITNESS CENTER	25,000	SF	3,260	130
Fort Ord	DINING FACILITY	4,433	EN	7,590	300
Presidio of San Francisco	FE FAC (FEMCAP)	237,000	SF	10,870	430
Colorado					
Fort Carson	HANGAR & APRON & TAXIWAY	39,778	SF	12,510	500
Fort Carson	RANGE CONTROL COMPLEX	42,500	SF	4,060	160
Foreign Various					
Location 177	TRNG FIT CTR LOC 177	11,000	SF	980	30
Location 276	EDUCATION CTR ADD LOC 276	5,000	SF	940	30
Location 280	REHAB BUILDING 1458	15,000	SF	1,350	50
Georgia					
Fort Benning	BARRACKS COMPLEX	992	EN	20,860	830
Fort Benning	RANGES/TRAINING AREAS	19	EA	2,150	80
Fort McPherson	BARRACKS W/DINING	150	EN	3,110	120
Fort Stewart	BARRACKS COMPLEX	180	EN	7,730	300
Fort Stewart	AIRFIELD LIGHTING-HAAF	18,750	LF	830	30
Fort Stewart	BATALION OAC	17,657	SF	1,360	50
Germany					
Germany Various	AVIATION OPERATIONS BLDG		LS	730	20
Germany Various	BARRACKS		LS	6,860	270
Germany Various	BARRACKS-COOKE		LS	3,530	140
Germany Various	DINING FAC MUELHEIM		LS	1,680	60
Germany Various	REC BLDG HELLERON TA		LS	1,570	60
Germany Various	READY BLDG HELLERON TA		LS	520	20
Germany Various	AIRFIELD IMPROVEMENT		LS	4,500	170
Germany Various	FAC MOD UTILITIES		LS	1,880	70
Germany Various	FAC MOD I		LS	10,240	400
Germany Various	BARRACKS		LS	6,930	270
Germany Various	EXPAND IMPROVEMENT-NEU ULM		LS	710	20
Germany Various	AIRY OPS BLDG DEMGRUBE		LS	760	30
Germany Various	EMISSION FIT CTR-AUGSBURG		LS	1,120	40
Germany Various	MAINT REP SHOP-CARL SCHURZ		LS	4,870	190

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Germany Various	ASL SIGN-SCHWAEB GMND		LS	850	30
Germany Various	URD CL III FAC-QM AREA		LS	2,100	80
Germany Various	MAP DEPOT ADMIN-VAR		LS	6,850	270
Germany Various	IMPROVE RANGES-ERMBERG	2	EA	2,890	110
Germany Various	CHILD DEV CTR-FRANKFURT	5,670	SF	640	20
Germany Various	EMS FIT CTR-SCHWE GMD	14,000	SF	1,450	50
Germany Various	EMS FIT CTR ADD ANDERSON	11,900	SF	1,240	40
Germany Various	POL SIG ASCHAFFENBURG	93,782	GA	1,930	70
Germany Various	BARRACKS-FERRIS-NURNBG	213	EN	9,810	390
Germany Various	BN HQ - WUERZBRG	12,330	SF	1,460	50
Germany Various	EMS FIT CTR-GARLSTEDT/CLA	26,600	SF	2,950	110
Germany Various	EMS FIT CTR-MUNICH		LS	1,740	60
Germany Various	TNG FES ASST CTR(INAC)-VA	45,000	SF	4,430	170
Germany Various	FAC MOD UTIL-GRAF-ZAIC	40	MB	6,010	240
Germany Various	PHYSICAL FITNESS CTR-HARVE		LS	5,930	230
Germany Various	PERIMETER FENCING-HARVEY		LS	1,480	50
Germany Various	EQUIP STORAGE ADDN-SCHWEIN	4,060	SF	1,440	50
Germany Various	AIRFLD EXT-HEIDELBERG	34,600	SY	5,100	200
Germany Various	VEHICLE MAINT SHOP	27,125	SF	6,870	270
Germany Various	AVIATION SPT COMPLEX-COOKE	32,000	SY	1,740	60
Germany Various	BARRACKS-SHERIDAN	49,944	SY	5,440	210
Germany Various	WASHRACK-SCHWEINFURT TA		LS	1,920	70
Germany Various	CEN WASH FAC-SCHWEIN	1	EA	1,400	50
Germany Various	MAINT FAC-READY	49,792	SF	6,740	260
Germany Various	CL IX WAREHOUSE-MONIETH	110,823	SF	7,790	310
Germany Various	EMS FIT CTR-MAINZ	26,600	SF	3,300	130
Germany Various	FAC MOD-MONSIER	10,686	SY	1,930	70
Germany Various	BKS ID STUR-WILDFLECKEN	63,300	SF	9,100	360
Germany Various	PHYSICAL FITNESS CTR-WILDF	26,600	SF	2,870	110
Germany Various	PHYSICAL FITNESS CTR	3,100	SF	3,060	120
Germany Various	MAINT FAC-FRANKFURT	27,300	SF	3,370	130
Greece					
Greece Various	BDE MOD-ELEFSIS	24,232	SF	1,590	60
Hawaii					
Schofield Barracks	DINING FACILITY-KOHAKULOA	1,600	EN	5,270	210
Schofield Barracks	BARRACKS MOD BG 680 & 687	96	EN	2,820	110
Schofield Barracks	OSHA/NFPA DEFICIENCY	92,160	SF	4,130	160
Schofield Barracks	SECOND WATER WELL SOURCE	42,000	KG	1,500	50
Schofield Barracks	TACT EQUIP SHOP-1/8FA	23,362	SF	3,340	130
Schofield Barracks	BKS RENO ROAD, FORD IS.	152	EN	4,850	190
Honduras					
Honduras Various	AF FAC REV MOD-SITE 1	100	EN	1,190	40
Honduras Various	ENGR EQUIP FAC-SITE 4	4,000	SF	810	30
Indiana					
Fort Benjamin Harrison	WINDOW TREATMENT (ECIP)			630	20
Fort Benjamin Harrison	FIRE STATION	8,536	SF	830	30
Italy					
Italy Various	BARRACKS MOD ESERCE		LS	12,660	500
Japan					
Japan Various	Ammo Stor Facs 27 ea	68,715	SF	12,630	500
Japan Various	Warehouse-Kawakami	30,000	SF	2,150	80
Japan Various	EMS FIT CENTER	20,000	SF	1,880	70
Kansas					
Fort Riley	DIV FINANCE-STA & AG	78,965	SF	7,460	290
Fort Riley	DINING FACILITY MOD-RILEY	369	EN	1,690	60
Fort Riley	BARRACKS MOD VI	532	EN	11,640	460
Korea					
Korea Various	DINING FACILITY-SUPPLY	784	EN	1,880	70
Korea Various	DINING FACILITY-LONG	426	EN	3,770	150
Korea Various	BARRACKS TRNG-CP CARROL	64	EN	1,410	50
Korea Various	AFE FACILITIES-WALKER	75,480	SF	3,130	120
Korea Various	DEPOT WSHP-TUSAN	60,000	SF	4,050	160
Korea Various	EMS FITNESS CTR-KYLE	22,000	SF	2,160	80
Korea Various	TACT MAINT FAC-MERCER	20,797	SF	2,070	80
Korea Various	INF VEHICLE MAINT-EAGE	6,383	SF	870	30

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Korea Various	CHQ/CIRCL HDQ-KONGSAN	210	SF	1,660	60
Korea Various	WATER/SEWER-HUMPHREYS	220	MG	970	30
Korea Various	COVERD SL IV STG-KONGSA	30,000	SF	780	30
Korea Various	HELIPORT EAC-KONGSAN	3,700	SF	1,610	60
Korea Various	SECURITY FENCING-OSAN	100,000	LF	2,730	100
Korea Various	BARRACKS-CP OSAN	434	SN	16,390	650
Korea Various	BARRACKS-HOVEY	185	SN	2,070	80
Korea Various	DINING FACILITY-STANLEY	500	SN	1,550	60
Korea Various	DINING FACILITY-CASEY	250	SN	780	30
Korea Various	DINING FACILITY-CAMP	332	SN	1,200	40
Korea Various	DINING FACILITY-HOVEY	150	SN	770	30
Korea Various	RANGE ANTIARMOR-GREAVES	1	EA	2,660	100
Korea Various	IT ANTIARMOR RG, OSAN	1	EA	630	20
Korea Various	DINING FACILITY-RSP	90	SN	900	30
Korea Various	BARRACKS-KONGSAN	1,145	SN	40,880	1,630
Korea Various	ELEV WATER STORAGE	250	MG	780	30
Korea Various	CHAPEL/REL ED FAC-STANLEY	13,245	SF	1,410	50
Marjalein					
Marjalein Atoll	FUEL FARM UPGRADE	99,500	BL	13,200	520
Marjalein Atoll	BOQ	50	SN	2,070	80
Marjalein Atoll	RSHS ADDITION ROI-NAMUR	5,100	SF	1,320	50
Marjalein Atoll	AIRAIR FACMS-ROI NAMUR	5,000	SF	5,780	230
Louisiana					
Fort Polk	MULTIPURPOSE RANGE UPGRADE	1	EA	10,750	420
Gulf Outport	ROLL ON/ROLL OFF RAMP	1	EA	1,100	40
Maryland					
Fort Meade	CIDC CRIME RECORD CTR	25,000	SF	1,690	60
Fort Meade	CALIBRATION FAC	3,712	SF	490	10
Massachusetts					
Fort Devens	DISTRIBUTION SYSTEMS	29,568	LF	820	30
Mississippi					
Waterways Experiment Station	ADMIN BLDG R&D	14,775	SF	1,250	40
New Jersey					
Fort Dix	AMMO STORAGE FAC	35,245	SF	5,530	220
New York					
U S Military Academy	Cadet Barracks Addition	316	SN	10,370	410
North Carolina					
Fort Bragg	RANGE IFV	1	EA	1,500	50
Fort Bragg	ARM TACT EQUIP SHOP (3)	40,768	SF	6,520	260
Fort Bragg	TANK GUN W/MOV TARGET	2	EA	1,880	70
Fort Bragg	TACTICAL EQUIP SHOP-REV		LS	2,930	110
Fort Bragg	CO OPS & SUP-REV	4,830	SF	3,250	120
Fort Bragg	FIRE & MOVING RANGE	1	EA	690	20
Fort Bragg	BRS MCD (5) 36TH SIG	920	SN	8,960	350
Fort Bragg	BRS MCD (5) 36TH SIG	1,080	SN	10,180	400
Fort Bragg	MCD MG TRNS RANGE	1	EA	660	20
Fort Bragg	GENERAL VEH WS FAC	914	SF	7,210	280
Fort Bragg	MG DETERMINED RANGE	1	EA	570	20
Fort Bragg	BARRACKS	464	SN	14,310	570
Oklahoma					
Fort Sill	FIRE STATION	7,770	SF	740	20
Fort Sill	TACT EQUIP SHOPS & FACS	37,600	SF	6,600	260
Panama					
Panama Area	BARRACKS MCD-DAVIS	104	SN	1,540	60
Panama Area	BARRACKS W/DINING-DAVIS	104	SN	1,970	70
Panama Area	BNL BRS MCD B-233	104	P	1,540	60
Pennsylvania					
Fort Indiantown Gap	MOUT SITE		LS	1,790	70
Puerto Rico					
Fort Buchanan	WATER DISTRIBUTION UPGRADE	14,470	LF	650	20
South Carolina					
Fort Jackson	CIDC FIELD OPERATIONS BLDG	13,580	SF	1,600	60
Texas					
Fort Hood	RANGE PROJECT		LS	3,140	120
Fort Hood	RANGE PROJECT	1	EA	2,820	110
Fort Hood	REPAB BRS		LS	10,560	420

DEPARTMENT OF ARMY
FY 1988 MCA Program Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1988

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Fort Hood	IFRIS RANGES-EK	4	EA	2,660	100
Fort Hood	CO ADMIN-7-DISTRICT	24,150	SF	3,360	130
Fort Hood	COMPANY ADMIN & SUPPLY	4,830	SF	430	10
Fort Hood	RANGE PROJECT UPGRADE	3,200	SF	3,250	120
Fort Hood	BATTLE SIMULATION & DEPL	69,431	SF	7,520	300
Fort Hood	CHILD DEVELOPMENT CENTER	39,065	SF	8,480	330
Red River Army Depot	EMCS 47 BLDGS			630	20
Virginia					
Fort A P Hill	BARRACKS CMP COOKE	860	EN	10,190	400
Fort A P Hill	BARRACKS CID CLAIBO	340	EN	2,070	80
Fort A P Hill	IFRIS	1	EA	1,900	70
Fort Belvoir	Operations Bldgs Renov (9)	281,989	SF	17,440	690
Fort Pickett	REHLD WTR PUMP STA	1,000	KG	560	20
Fort Story	WATER DISTR SYSTEM UPGRADE	18,450	LF	1,270	50
Washington					
Fort Lewis	UTILITIES 2D BDE AREA		LS	8,390	330
Fort Lewis	BARRACKS CONVERSION	154,560	SF	6,130	240
Fort Lewis	BDE CEC W/SCIF -MI BN	53,884	SF	10,560	420
Wisconsin					
Fort McCoy	BARRACKS		LS	1,320	50
Fort McCoy	MULTI PURPOSE RANGE	1	EA	4,190	160
Fort McCoy	NEW ELEC SUBSTATION	7,500	KV	1,930	70

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund ProjectListing
Projects for which final design is planned to be obligated inFY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Fort McClellan	DEGN ARRANGE TNG FAC	28,600	SF	2,450	70
Fort Rucker	MG M60 AND M2 RANGE	1	EA	1,640	40
Fort Rucker	TNG DEVICE/SOFTWARE SPT FA	31,891	SF	2,260	60
Fort Rucker	ECQ - IFS AVIATION BR	200	EN	6,160	180
Alaska					
Fort Richardson	IFRIS RANGES	6	EA	5,110	150
Arkansas					
Fort Chaffee	AUTOMATED RECORD FIRE RG	1	EA	940	20
California					
Fort Hunter Liggett	UPGRADE AMMO SUP POINT	600	SF	610	10
Fort Irwin	LOGISTICS SUPPORT CTR-NTC	20,000	SF	6,220	180
Fort Irwin	CMD & CONTROL HQS	36,000	SF	4,000	110
Fort Irwin	GEN PURPOSE WAREHOUSE	33,210	SF	2,070	60
Fort Ord	PHYSICAL FITNESS CEN		LS	7,260	210
Fort Ord	RECORD FIRE RANGE-IFRIS	14,540	EA	1,660	40
Fort Ord	VEHICLE WASH FACILITY	410	SF	1,840	50
Fort Ord	RECREATION CENTER	52,000	SF	5,460	160
Fort Ord	SANITARY WASTE FACILITY	115	TN	1,620	40
Fort Ord	RECORD FIRE RANGE	1	EA	1,970	50
Fort Ord	PHYSICAL FITNESS CENTER	25,000	SF	3,260	90
Fort Ord	DINING FACILITY	4,433	PN	7,590	220
Presidio of San Francisco	FE FAC (PENCNF)	237,000	SF	10,870	320
Colorado					
Fort Carson	BARRACKS MODERNIZATION	624	EN	7,620	220
Fort Carson	HANGR & APRON & TAXIWAY	39,778	SF	12,510	370
Fort Carson	TACT EQUIP SHP	29,172	SF	7,080	210
Fort Carson	RANGE CONTROL COMPLEX	42,500	SF	4,060	120

DEPARTMENT OF ARMY
FY 1988 MCA Progress Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1988

STATE / SECTION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Foreign Various					
Location 177	HMS FIT CIR LOC 177	11,000	SF	980	20
Location 276	EDUCATION CIR ADD LOC 276	5,000	SF	940	20
Location 280	REPR BUILDING 1458	15,000	SF	1,350	40
Georgia					
Fort Benning	BARRACKS COMPLEX	992	EN	20,860	620
Fort Benning	ENGR BDE HQ BLDG/SCIF	20,261	SF	2,680	80
Fort Benning	FGR TACT EQUIP SHOP	6,160	SF	2,310	60
Fort Benning	RANGES/TRAINING AREAS	19	EA	2,150	60
Fort Benning	TRAINEE BARRACKS NO 10	1,142	EN	26,200	780
Fort McPherson	BARRACKS W/DINING	150	EN	3,110	90
Fort Stewart	BARRACKS COMPLEX	180	EN	7,730	230
Fort Stewart	IRETS RANGES	2	EA	1,080	30
Fort Stewart	TACT EQUIP SHOP-24ID-HAF	14,892	SF	2,780	80
Fort Stewart	AIRFIELD LIGHTING-HAF	18,750	LF	830	20
Fort Stewart	BRIGADE OIC	17,657	SF	1,360	40
Germany					
Germany Various	AVIATION OPERATIONS BLDG		LS	730	20
Germany Various	BARRACKS		LS	6,860	200
Germany Various	BARRACKS-COORE		LS	3,530	100
Germany Various	DINING FAC MITTANGEN		LS	1,680	50
Germany Various	REC BLDG HEIDELBERG TA		LS	1,570	40
Germany Various	RENOV BLDG HEIDELBERG TA		LS	520	10
Germany Various	AIRFIELD IMPROVEMENT		LS	4,500	130
Germany Various	FAC MCD UTILITIES		LS	1,880	50
Germany Various	FAC MCD I		LS	10,240	300
Germany Various	BARRACKS		LS	6,930	200
Germany Various	EXPAND IMPROVEMENT-NEU ULM		LS	710	20
Germany Various	ENRY OPS BLDG LEIMGRUBE		LS	760	20
Germany Various	EXPANSION FIT CIR-AUGSBURG		LS	1,120	30
Germany Various	MOTOR REP SHOP-ORL SCHURZ		LS	4,870	140
Germany Various	ASL SIGN-SCHWEB GMND		LS	850	20
Germany Various	UPGD CL III FAC-QM AREA		LS	2,100	60
Germany Various	MAP DEPOT ADMIN-VAR		LS	6,850	200
Germany Various	IMPROVE RANGES-EMMERG	2	EA	2,890	80
Germany Various	CHILD DEV CIR-ERNKURT	5,670	SF	640	10
Germany Various	AMMO SURV-MONSTER	18,996	SF	6,310	180
Germany Various	FAC MCD II-MAINZ	11	SF	11,250	330
Germany Various	FAC MCD 6-NUERNBERG	115,420	SF	13,760	410
Germany Various	HMS FIT CIR-SCHWE GND	14,000	SF	1,450	40
Germany Various	TACT EQUIP SHOP-HOHLS	9,400	SF	1,490	40
Germany Various	FLAM MIL SIG-GERMERM	49,320	SF	3,530	100
Germany Various	HMS FIT CIR-RHINE ORD BKS	21,000	SF	2,120	60
Germany Various	OPERATIONS BLDG-STUTTGART	19,000	SF	2,030	60
Germany Various	HMS FIT CIR ADD ANDERSON	11,900	SF	1,240	30
Germany Various	CO CMDR & SUPPLY-SICKELS	23,800	SF	2,130	60
Germany Various	UNICOM OFFICERS CLUB	43	EN	2,710	80
Germany Various	CHILD DEV CIR-MCK VILLAGE	8,370	SF	1,270	30
Germany Various	FOL SIG ASCHAFFENBURG	93,782	GA	1,930	50
Germany Various	BARRACKS-FERRIS-NUREG	213	EN	9,810	290
Germany Various	EN HQ - MUERZBURG	12,330	SF	1,460	40
Germany Various	CHILD DEV CIR-AUGSBURG	24,115	SF	2,790	80
Germany Various	HMS FIT CIR-GIBSHEIM/CIA	26,600	SF	2,950	80
Germany Various	MULTI-PURP ADDIT-VILSECK	109,000	SF	1,960	50
Germany Various	HMS FIT CIR-MUNICH		LS	1,740	50
Germany Various	TRNG RES ACFT CIR(TFAC)-VA	45,000	SF	4,430	130
Germany Various	FAC MCD UTIL-GRAF-ZAIC	40	MB	6,010	180
Germany Various	EXPANSION FITNESS CIR-HARVE		LS	5,930	170
Germany Various	LIBRARY ZAIO-VILSECK	11,698	SF	770	20
Germany Various	PERIMETER FENCING-HARVEY		LS	1,480	40
Germany Various	IGLOO STORAGE ADD-SCHEIN	4,060	SF	1,440	40
Germany Various	EXPAND HELIPORT-LANDSTUHL	10,283	SY	3,080	90
Germany Various	RELOCATE CL III-EMMERG DE		LS	2,340	70
Germany Various	CONST AV COMP-SCHWEBISCH	42,240	SF	15,880	500
Germany Various	FIELD EXCURC FACS-WILDFLN	1,200	EN	7,020	210
Germany Various	APRON EXT-HEIDELBERG	34,600	SY	5,100	150

DEPARTMENT OF ARMY
FY 1989 MCA Progress Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Germany					
Germany Various	TACT EQUIP SHOP-TWISTEDEN	15,328	SF	2,450	70
Germany Various	VEH MAINT SHOP CFG-FAY	132,104	SF	7,350	220
Germany Various	RENOV BLDG-CP REED	11,800	SF	1,590	40
Germany Various	AMMO STORAGE- CP GRIES	3,585	SF	1,170	30
Germany Various	VEHICLE MAINT SHOP	27,125	SF	6,870	200
Germany Various	TACT EQUIP SHOP-AYERS	55,300	SF	10,580	310
Germany Various	AVIATION SPT COMPLEX-COOKE	32,000	SY	1,740	50
Germany Various	HARDSTAND-SHERIDAN	49,944	SY	5,440	160
Germany Various	WASHRACK-SCHWEINFURT TA		LS	1,920	50
Germany Various	CEN WASH FAC-SCHWEIN	1	EA	1,400	40
Germany Various	MAINT FAC-RENOV	49,792	SF	6,740	200
Germany Various	CL IX WAREHOUSE-MONIEMIH	110,823	SF	7,790	230
Germany Various	TACT SHOP-BUMCOLER	129,813	SF	9,570	280
Germany Various	HHV FIT CTR-MAINZ	26,600	SF	3,300	90
Germany Various	FAC MOD-MUENSTER	10,686	SY	1,930	50
Germany Various	BKS ID STUR-WUERZBURG	63,300	SF	9,100	270
Germany Various	HANSTON FITNESS CTR-WURF	26,600	SF	2,870	80
Germany Various	FAC MOD III-COLEMAN	243,514	SF	19,050	570
Germany Various	HANSTON FITNESS CTR	3,100	SF	3,060	90
Germany Various	FAC MOD BN I -HUDIG	61,597	SF	9,240	270
Germany Various	MAINT FAC-FRANKFURT	27,300	SF	3,370	100
Greece					
Greece Various	BDS MOD-ELEFSIS	24,232	SF	1,590	40
Hawaii					
Schofield Barracks	DINING FACILITY-FORMOSA	1,600	PN	5,270	150
Schofield Barracks	BARRACKS MOD BG 680 & 687	96	PN	2,820	80
Schofield Barracks	OSHA/NFPA DEFICIENCY	92,160	SF	4,130	120
Schofield Barracks	SECOND WATER WELL SOURCE	42,000	FG	1,500	40
Schofield Barracks	TACT EQUIP SHOP-1/8FA	23,362	SF	3,340	100
Schofield Barracks	BKS RENO &ADD, FORD IS.	152	PN	4,850	140
Honduras					
Honduras Various	AF FAC REV MOD-SITE 1	100	PN	1,190	30
Honduras Various	ENGR EQUIP FAC-SITE 4	4,000	SF	810	20
Illinois					
Fort Sheridan	CHILD DEVELOPMENT CENTER	7,000	SF	2,070	60
Indiana					
Fort Benjamin Harrison	LIBRARY/ACES CENTER	40,000	SF	3,930	110
Fort Benjamin Harrison	WINDOW TREATMENT (ECIP)			630	10
Fort Benjamin Harrison	FIRE STATION	8,536	SF	830	20
Italy					
Italy Various	BARRACKS MOD EDERLE		LS	12,660	370
Japan					
Japan Various	FONDS-AKIZUKI	28,076	SY	1,030	30
Japan Various	MODERNIZE FONDS-IWAKUNI	33,206	SY	1,850	50
Japan Various	Ammo Stor Facs 27 ea	68,715	SF	12,630	370
Japan Various	Warehouse-Kawakami	30,000	SF	2,150	60
Japan Various	HHS FIT CENTER	20,000	SF	1,880	50
Kansas					
Fort Riley	DIV FINANCE-SJA & AG	78,955	SF	7,460	220
Fort Riley	DINING FACILITY MOD-RILEY	369	PN	1,690	50
Fort Riley	MODIFIED RECORD FIRE RANGE	1	EA	1,220	30
Fort Riley	BARRACKS MOD VI	532	PN	11,640	340
Kentucky					
Fort Campbell	IRETS RANGES	1	EA	990	20
Fort Campbell	MAINT HANGAR-CFG-SCOON 160	69,140	SF	7,540	220
Fort Campbell	IRETS-MPF	1	EA	2,330	60
Fort Campbell	HANGAR	14,456	SF	1,500	40
Fort Campbell	MAINT SHOP (DS)	122,425	SF	12,820	380
Fort Campbell	MOUT	1	EA	3,390	100
Korea					
Korea Various	DINING FACILITY-SIDNEY	784	PN	1,880	50
Korea Various	DINING FACILITY-LONG	426	PN	3,770	110
Korea Various	BARRACKS TRNG-CP CARROL	64	PN	1,410	40
Korea Various	AFE FACILITIES-WALKER	75,490	SF	3,130	90

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Korea Various	DEPOT WEAP-RUSN	60,000	SF	4,020	120
Korea Various	EMS FITNESS CTR-KYLE	22,000	SF	2,160	60
Korea Various	TACT MAINT FAC-MERCER	20,797	SF	2,070	60
Korea Various	INF VEHICLE MAINT-ENGE	6,383	SF	870	20
Korea Various	CL I WAREHOUSE-KONGSN	17,600	SF	1,170	30
Korea Various	CMD/CONCL BLDG-KONGSN	210	SF	1,660	40
Korea Various	WATER/SEWER IMPROVS	220	LS	970	20
Korea Various	CID SIG HIT EXT-RSN ST FAC	95,000	CF	2,280	60
Korea Various	DINING FACILITY-CASEY	990	EN	5,560	160
Korea Various	COVED SL IV SIG-KONGSN	30,000	SF	780	20
Korea Various	HELIPORT FAC-KONGSN	3,700	SF	1,610	40
Korea Various	SECURITY FENCING-CASEY	100,000	LF	2,730	80
Korea Various	BARRACKS-CP CASEY	434	EN	16,390	490
Korea Various	BARRACKS-HOVEY	185	EN	2,070	60
Korea Various	DINING FACILITY-SUNNEY	500	EN	1,550	40
Korea Various	DINING FACILITY-LAGOLA	250	EN	780	20
Korea Various	DINING FACILITY-CAEN	332	EN	1,200	30
Korea Various	DINING FACILITY-HOVEY	150	EN	770	20
Korea Various	RANGE AMTARGT-GREAVES	1	EA	2,660	70
Korea Various	LT AMTARGT RG, CASEY	1	EA	630	10
Korea Various	DINING FACILITY-RSF	90	EN	900	20
Korea Various	BARRACKS-KONGSN	1,145	EN	40,880	1,220
Korea Various	ELEV WATER STORAGE	250	GL	780	20
Korea Various	COMMUNICATION CEN-WALKER	5,860	SF	1,290	30
Korea Various	CHAPEL/REL ED FAC-SUNNEY	13,245	SF	1,410	40
Marshall Islands					
Majuro Atoll	FUEL FARM UPGRADE	99,500	BL	13,200	390
Majuro Atoll	BEQ	50	EN	2,070	60
Majuro Atoll	RPMS ADDITION ROI-NMCR	5,100	SF	1,320	30
Majuro Atoll	AIRAIR FACIMP-ROI NMCR	5,000	SF	5,780	170
Louisiana					
Fort Polk	INTEG DEFENSE TEST RANGE	1	EA	1,470	40
Fort Polk	CENTRAL WASH FACILITY MOD	400	SF	800	20
Fort Polk	MULTIPURPOSE RANGE UPGRADE	1	EA	10,750	320
Gulf Outport	ROLL ON/ROLL OFF RAMP	1	EA	1,100	30
Maryland					
Fort Meade	CIDC CRIME RECORD CTR	25,000	SF	1,690	50
Fort Meade	DINING FACILITY MOD-MEADE	245	EN	690	20
Fort Meade	DINING FACILITY MOD-MEADE	245	EN	700	20
Fort Meade	CHILD DEVELOPMENT CENTER	39,265	SF	2,640	70
Fort Meade	CALIBRATION FAC	3,712	SF	490	10
Massachusetts					
Fort Devens	INTEG-DEFENSE TEST RANGE	1	EA	830	20
Fort Devens	DISTRIBUTION SYSTEMS	29,568	LF	820	20
Mississippi					
Waterways Experiment Station	ADMIN BLDG REP	14,775	SF	1,250	30
Missouri					
Fort Leonard Wood	CIDC FIELD OPERATION BLDG	13,580	SF	1,390	40
New Jersey					
Bayonne Mil Ocean Term	ADP FACILITY	8,500	SF	1,540	40
Fort Dix	AMMO STORAGE FAC	35,245	SF	5,530	160
New York					
U S Military Academy	EISENHOWER HALL RENOV	16,925	SF	1,980	50
U S Military Academy	BAND TRAINING FACILITY	63,200	SF	2,450	70
U S Military Academy	Cadet Barracks Addition	316	EN	10,370	310
North Carolina					
Fort Bragg	RANGE IFV	1	EA	1,500	40
Fort Bragg	INTEG RANGE DIR 1	2	EA	1,190	30
Fort Bragg	AVN BDE HQ COMPLEX	51,455	SF	7,010	210
Fort Bragg	AVN TACT EQUIP SHOP (3)	40,768	SF	6,580	190
Fort Bragg	INF FIRE BATTLE COURSE	1	EA	990	20
Fort Bragg	TANK GUN W/MOV TARGET	2	EA	1,880	50
Fort Bragg	TACTICAL EQUIP SHOP-REV		LS	2,900	80
Fort Bragg	CO CPS & SUP-REV	4,830	SF	3,250	90
Fort Bragg	FIRE & MOVING RANGE	1	EA	690	20

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design And Project Listing
Projects for which final design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Fort Bragg	ENS MCD (5) 35TH SIG	920	EN	8,950	260
Fort Bragg	ENS MCD (5) 35TH SIG	1,080	EN	10,180	300
Fort Bragg	MCD MG TNNS RANGE	1	EA	660	10
Fort Bragg	CENTRAL VEH WHS EAC	914	SF	7,210	210
Fort Bragg	MG DETERMINED RANGE	1	EA	570	10
Fort Bragg	BARRACKS	464	EN	14,310	420
Oklahoma					
Fort Sill	FIRE STATION	7,770	SF	740	20
Fort Sill	TACT EQUIP SHOPS & EACS	37,600	SF	6,600	190
Fort Sill	AIC REC/FITNESS CTR	44,000	SF	4,310	120
Fort Sill	BARRACKS COMPLEX	192	EN	3,310	90
Fort Sill	CHILD DEVELOPMENT CENTER	74,837	SF	4,560	130
Fort Sill	MULTI-PURPOSE RANGE	1	EA	1,040	30
Panama					
Panama Area	BARRACKS MCD-DAVIS	104	EN	1,540	40
Panama Area	BARRACKS W/DINING-DAVIS	104	EN	1,970	50
Panama Area	CON BLDG 20 TO ENS-CLAYTON	98	EN	1,540	40
Panama Area	ENL ENS MCD B-233	104	P	1,540	40
Pennsylvania					
Fort Indiantown Gap	MOUT SITE		LS	1,790	50
Tobyhanna Army Depot	TACT END ITEM REPAIR FAC	91,200	SF	6,970	200
Puerto Rico					
Fort Buchanan	WATER DISTRIBUTION UPGRADE	14,470	LF	650	10
South Carolina					
Fort Jackson	CHOC FIELD OPERATIONS BLDG	13,580	SF	1,600	40
Texas					
Fort Bliss	TRNG INC-2	1	EA	1,490	40
Fort Hood	RANGE PROJECT		LS	3,140	90
Fort Hood	RANGE PROJECT	1	EA	2,820	80
Fort Hood	REHAB BKS		LS	10,560	310
Fort Hood	TRNG RANGES-EK	4	EA	2,660	70
Fort Hood	CO ADMIN-7-DISTRICT	24,150	SF	3,360	100
Fort Hood	COMPANY ADMIN & SUPPLY	4,830	SF	430	10
Fort Hood	RANGE PROJECT UPGRADE	3,200	SF	3,250	90
Fort Hood	BATTLE SIMULATION & DEPL	69,431	SF	7,520	220
Fort Hood	CHILD DEVELOPMENT CENTER	39,065	SF	8,480	250
Fort Sam Houston	REGIONAL FITNESS CENTER	62,000	SF	5,560	160
Red River Army Depot	BKS 47 BLDG			630	10
Utah					
Dugway Proving Ground	SEWAGE PUMPING STATION		LS	610	10
Virginia					
Fort A P Hill	BARRACKS CMP COOKE	860	EN	10,190	300
Fort A P Hill	BARRACKS OLD GUARD	340	EN	2,070	60
Fort A P Hill	AMMO SUPPLY POINT ADD	25,200	SF	3,000	80
Fort A P Hill	TRNG	1	EA	1,900	50
Fort Belvoir	Operations Bldgs Renov (9)	281,989	SF	17,440	520
Fort Pickett	REHAB WTR PUMP STA	1,000	MG	360	10
Fort Story	RUB SAFETY BLDG	10,434	SF	990	20
Fort Story	WATER DISTR SYSTEM UPGRADE	18,450	LF	1,270	30
Washington					
Fort Lewis	UTILITIES 2D BDE AREA		LS	8,390	250
Fort Lewis	BARRACKS CONVERSION	154,560	SF	6,130	180
Fort Lewis	TRNG-MTF	1	EA	870	20
Fort Lewis	TACTICAL EQUIP SHOP-RPLC	2,759	SF	1,040	30
Fort Lewis	TRAINING FACILITY	120,000	SF	7,730	230
Fort Lewis	WATER TREAT PLANT	20,000	MG	2,020	60
Fort Lewis	BDE CHC W/SCIF -MI BN	53,884	SF	10,560	310
Fort Lewis	BRIGADE CHC -MI BN	22,130	SF	2,230	60
Fort Lewis	CO CBS & SUPPLY -MI BN	38,640	SF	2,980	80
Fort Lewis	HOT REFUELING POINT	350	GM	830	20
Wisconsin					
Fort McCoy	BARRACKS		LS	1,320	30

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund Project Listing
Projects for which final design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($000)
Wisconsin					
Fort McCoy	VEHICLE WASH PLATFORM	2,058	SF	5,650	160
Fort McCoy	MULTI PURPOSE RANGE	1	EA	4,190	120
Fort McCoy	NEW ELEC SUBSTATION	7,500	KV	1,930	50

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Alabama					
Fort Rucker	POL LAB & AVN FUEL STORAGE	9,000	GA	2,750	100
Alaska					
Fort Wainwright	BRIGADE SIM CTR (LID)	49,425	SF	7,140	280
Fort Wainwright	AMMO SUP FAC-LID	12,000	SF	3,620	140
Arizona					
Fort Huachuca	BARRACKS W/O DINING	470	EN	3,140	120
Fort Huachuca	FIRE STATION	4,500	SF	0	0
Fort Huachuca	FIRE STATION-2 SMALL	6,448	SF	820	30
Fort Huachuca	PHYSICAL FITNESS CENTER	21,000	SF	2,710	100
Fort Huachuca	MI TRAINING CTR-BN I	240,000	SF	30,170	1,200
Arkansas					
Fort Chaffee	COLD STORAGE	10,000	CF	1,570	60
Fort Chaffee	ELEC SUBSTATION	1,000	KV	1,320	50
Fort Chaffee	TMP SERVICE STATION		LS	2,820	110
Fort Chaffee	RECORD FIRE & ZERO RANGE	1	EA	1,410	50
Pine Bluff Arsenal	QUALITY EVALUATION LAB	61,000	SF	17,140	680
California					
Fort Hunter Liggett	BARRACKS MOD	252	EN	620	20
Fort Irwin	TRNSP MOTOR POOL	32,975	SF	3,850	150
Fort Irwin	CO ADMIN AND SUPPLY (3)	14,490	SF	1,380	50
Fort Irwin	DINING FAC		LS	1,880	70
Fort Ord	AVIM HANGAR	18,750	SF	2,820	110
Fort Ord	MAIN GATE SECURITY	500	SF	790	30
Fort Ord	PHYSICAL FITNESS CENTER	62,000	SF	7,270	290
Fort Ord	DINING FACILITY MOD-CFD	800	EN	1,400	50
Fort Ord	IRETS RANGE-MPF	1	EA	1,180	40
Fort Ord	ADMIN & SUPPLY CONV	10,020	SF	570	20
Fort Ord	COMPANY ADMIN & SUPPLY	28,980	SF	2,710	100
Oakland Army Base	ADP FACILITY	37,853	SF	3,620	140
Presidio of San Francisco	BACHELOR OFFICERS QURS	277	EN	11,680	460
Presidio of San Francisco	CONSOLIDATED MOTOR POOL	18,540	SF	1,420	50
Sierra Army Depot	RECREATION CENTER	15,850	SF	1,730	60
Colorado					
Fort Carson	CLOTHING SALES STORE	16,000	SF	1,890	70
Fort Carson	VEH MAINT FACT 124TH	36,074	SF	6,790	270
Fort Carson	CO ADM & SUP-AHB	19,320	SF	2,690	100
Fort Carson	RANGE IBV/CFV #145	1	EA	730	20
Fort Carson	RANGE IMPROVE (105)	1	EA	1,270	50
Fort Carson	RANGE IMPROV (113)	1	EA	820	30
Fort Carson	VEH MAINT FAC -DIVCOM	35,749	SF	7,730	300
Foreign Various					
Location 276	WAREHOUSE LOC 276	45,000	SF	1,650	60
Location 280	CENS BLDG ADDITION	32,000	SF	8,010	320
Georgia					
Fort Benning	MARKSMANSHIP TNG UN FAC	54,182	SF	7,160	280

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FY 1989 MCA Program Planning & Design Fund Project Listing
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Georgia					
Fort Gillem	COMM CENTER	10,000	SF	2,730	100
Fort Gordn	BARRACKS COMPLEX	1,202	EN	24,640	980
Fort McPherson	TUSA MAINT FAC	5,478	SF	1,880	70
Fort McPherson	LIBRARY/ED CENTER	25,500	SF	2,270	90
Fort Stewart	BARRACKS	51,200	SY	5,090	200
Fort Stewart	HANGAR		LS	6,180	240
Fort Stewart	TAC SHOP		LS	4,050	160
Fort Stewart	CO OSA		LS	1,910	70
Fort Stewart	BN OSC		LS	1,980	70
Fort Stewart	CENTRAL WASH FAC		LS	1,210	40
Fort Stewart	CHILD DEVELOPMENT CENTER	15,000	SF	3,050	120
Germany					
Germany Various	VEH MAINT SHOP CRG		LS	5,780	230
Germany Various	POL STORAGE-GRAVES		LS	1,120	40
Germany Various	BN HQ-ANSBACH		LS	2,330	90
Germany Various	VEH MAINT SHOP CRG-RUDERS		LS	4,990	190
Germany Various	SEEQ		LS	4,050	160
Germany Various	VEH MAINT SHOP CRG		LS	14,290	570
Germany Various	TRNG EQUIP FAC-SMITH		LS	1,520	60
Germany Various	BARRACKS-DARMSTADT	508	EN	14,290	570
Germany Various	BARRACKS W/ADMIN-ERNKRUT	26	EN	2,210	80
Germany Various	BARRACKS W/ADM-ERNKRT	119	EN	3,500	130
Germany Various	ENGR MOA EQUIP FAC		LS	2,250	80
Germany Various	BARRACKS		LS	560	20
Germany Various	CHAPEL CTR ADDN		LS	900	30
Germany Various	MAINT FAC CPAL RG123 GRAF		LS	8,890	350
Germany Various	HARDSTAND-LUCIUS CLAY		LS	480	10
Germany Various	HARDSTAND-LUCIUS ONLY		LS	590	20
Germany Various	EDUCATION CENTER		LS	4,510	180
Germany Various	CENTR EQ SCHWEIN		LS	670	20
Germany Various	AIR DRPNG AERO/POL FAC			8,710	340
Germany Various	TRANSIENT EQ		LS	3,950	150
Germany Various	CNTR HUMIDITY WEB-KARLER		LS	36,630	1,460
Germany Various	FAC MOD II		LS	9,570	380
Germany Various	FAC MOD UTILITIES		LS	5,050	200
Germany Various	CHILD DEVELOPMENT CTR FINT		LS	2,090	80
Germany Various	VEH MAINT SHOP CRG	19,800	SF	15,680	620
Germany Various	AMO STORAGE OBERDERWALD		LS	4,290	170
Germany Various	REC BUILDING DEMGRUBE		LS	1,230	40
Germany Various	CTF BDD-AMBERG		LS	1,120	40
Germany Various	REC CTR-AMBERG		LS	2,470	90
Germany Various	CHPL/REL ED FAC-SINDLACH		LS	3,570	140
Germany Various	AMO STORAGE BND TOELZ		LS	730	20
Germany Various	BASE POWER-VILSECK		LS	8,440	330
Germany Various	FIRE STATION VILSECK		LS	560	20
Germany Various	7AUTH CTR VILSECK			2,190	80
Germany Various	BN HQTR-ERNKRUT		LS	8,070	320
Germany Various	FAC MOD UTILITIES		LS	4,380	170
Germany Various	CHAPEL-MULTIFAITH		LS	5,740	220
Germany Various	EQ/SEEQ		LS	2,020	80
Germany Various	RECURE TANK TRAIL BN II		LS	3,370	130
Germany Various	BARRACKS W/O MESS		LS	5,510	220
Germany Various	AMO STORAGE-LAREN		LS	690	20
Germany Various	TRAILER HOLDING YARD-MIESAU	3,750	SY	1,030	40
Germany Various	EQ-AMBERG	142	EN	6,410	250
Germany Various	BASE FIT CTR ADD-MERRIL		LS	0	0
Germany Various	BASE FIT CTR-AMBERG		LS	1,040	40
Germany Various	POL/CHEM WEB-KAISERSL DEP		LS	2,640	100
Germany Various	BASE FIT CTR-KIMMINS		LS	6,630	260
Germany Various	BARRACKS-COMPANION	60	EN	1,900	70
Germany Various	SCH CHL ENGR-SCHWEIN		LS	3,720	140
Germany Various	UPGD BIO-RUDER		LS	1,470	50
Germany Various	BARRACKS TANK-GRAFENWOEHR	70	EN	3,730	140
Germany Various	RECYCLE WASTEWCH-SCHWEIN		LS	3,710	140

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund Project Listing
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Germany					
Germany Various	CHILD DEV CTR-FRANKFURT	3,600	SF	640	20
Germany Various	COMMUNITY CTR-GRAFENWOEHR	31,000	SF	3,080	120
Germany Various	EAC MOD-BELL-COEHN	9,876	SF	1,880	70
Germany Various	ENGINR HQ-WUERZBURG	40,240	SF	3,710	140
Germany Various	M60 MG RANGE-WIDERN	1	EA	2,650	100
Germany Various	M2 MG QUAL FG-WILDFLECKEN		LS	2,340	90
Germany Various	EAC MOD UNIT-SHERIDAN-KUGS	8,398	LF	2,980	110
Germany Various	EAC MOD UNIT-BINDLACH	132	MC	1,370	50
Germany Various	FIN ADMIN BLDG-FULDA	14,719	SF	770	30
Germany Various	REC BLDG-END KRUEZNACH	10,000	SF	1,030	40
Germany Various	FIELD CMP - WILDFLECKEN	900	EN	9,170	360
Germany Various	HARDSTAND-MONTIEIH		LS	5,320	210
Germany Various	VEH MAIN SHOP ORG-L. CLAY	6,650	SF	1,400	50
Germany Various	CHILD DEV CTR-KENNEDY	11,535	SF	1,550	60
Germany Various	HQ BLDG-ARCHS-NURNBG	17,657	SF	2,090	80
Germany Various	EAC MOD IV-BINDLACH		LS	4,170	160
Germany Various	EXP RAILHEAD-SCHEIN		LS	3,010	120
Germany Various	EAC MOD UTILITIES		LS	540	20
Germany Various	CHILD SUPORT SERVICE CTR	15,750	SF	1,810	70
Germany Various	CHILD DEV CTR-AMBERG	8,370	SF	980	30
Germany Various	CHILD DEV CTR-COLEMAN BKS	24,080	SF	2,820	110
Germany Various	MAIN LIBRARY	6,250	SF	550	20
Germany Various	PIPELINE-METZ 'B'-LINGES	7	MI	3,180	120
Germany Various	OPER MP STA AND KENNELS	18,460	SF	1,460	50
Germany Various	HARDSTAND	39,751	SY	4,360	170
Germany Various	UNIT MAINT HANGAR-ECHERD	11,660	SF	2,810	110
Germany Various	BARRACKS W/DIN-MAINZ	228	EN	6,730	260
Germany Various	EAC MOD VIII SURSSELRG	76,010	SF	2,870	110
Germany Various	TACH HQ SHP-RHEINBERG	62,131	SF	4,110	160
Germany Various	CHILD DEV CTR		LS	1,050	40
Germany Various	CONV ADMIN - BN II-RHEIN	26,590	SF	1,910	70
Germany Various	CHILD DEV CENTER	8,370	SF	910	30
Germany Various	CHILD DEV CNTR-BFV BN		LS	1,810	70
Hawaii					
Fort Shafter	CHAPEL CENTER	21,000	SF	2,210	80
Schofield Barracks	BARRACKS POHAKULOA	1,150	EN	15,970	630
Schofield Barracks	CONS FIELD MAINT	109,302	SF	17,160	680
Illinois					
Fort Sheridan	PHYSICAL FITNESS CENTER	31,000	SF	2,720	100
Italy					
Italy Various	COMM CTR-COLTANO	10,000	SF	2,350	90
Italy Various	BARRACKS-CORZO	44	EN	1,170	40
Italy Various	EMS FIT CTR-VICENZA	25,272	SF	2,410	90
Italy Various	PHYSICAL FITNESS CENTER	11,000	SF	920	30
Japan					
Japan Various	Chiller Fit & Sys-Zama	1,000	LF	5,180	200
Japan Various	FE Workshops-Torii	21,000	SF	2,010	80
Japan Various	Pier Improvement	220	FB	1,220	40
Japan Various	BERTH DREDGING	20,000	CY	680	20
Japan Various	Maint Shop (Veh)	28,840	SF	2,820	110
Japan Various	EOQ MOD		LS	1,740	60
Kansas					
Fort Leavenworth	FIRE STATION	8,670	SF	830	30
Fort Riley	DINING FACILITY MOD-RILEY		LS	1,920	70
Fort Riley	BARRACKS MOD VII	712	EN	11,980	470
Fort Riley	DIN EAC MOD B-7656		LS	2,160	80
Fort Riley	ACFT HGR W/SHOPS (CSAB)	25,790	SF	6,840	270
Fort Riley	CST PISTOL RNG-TNK GUN	1	EA	1,480	50
Fort Riley	TACT EQ SHOP-TNT ADD	19,258	SF	1,920	70
Fort Riley	IRRIG-DIR	1	EA	3,140	120
Fort Riley	MULTI-PURP RNG (M-1-2-3)	1	SF	2,260	90
Kentucky					
Fort Campbell	MAINT SHOP DS 561ST		LS	13,120	520
Fort Campbell	DINING EMCS MOD	490	EN	500	10
Fort Campbell	CHILD DEVELOPMENT CENTER	22,500	SF	2,510	100

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design Fund Project Listing
Projects for which concept design is planned to be obligated in FY 1989

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Korea					
Korea Various	BARRACKS-EAGE	324	EN	4,080	160
Korea Various	BARRACKS-KYLE	162	EN	2,120	80
Korea Various	AC BWING-RED CLOUD	27,060	SY	770	30
Korea Various	GENERAL PURPOSE WHSE-PUSAN	78,000	SF	6,700	260
Korea Various	ADM/RENOV BLDG-YONGSAN	8,000	SF	0	0
Korea Various	BARRACKS-HUMPHREYS	180	EN	4,240	160
Korea Various	CHAPEL/COMM CTR- K16		LS	760	30
Korea Various	CFA HQ ADMIN FAC-RED CLOUD	42,270	SF	5,460	210
Korea Various	BARRACKS-CARROLL	488	EN	6,600	260
Korea Various	CENT ISSUE FAC-YONGSAN	10,000	SF	1,600	60
Korea Various	PRODUCT EXCS-YONGSAN	8,880	SF	3,110	120
Korea Various	SEWAGE TRT PLANT-YONGSAN	500	KG	8,010	320
Korea Various	USAF CLAIM SVC-YONGSAN	5,907	SF	660	20
Korea Various	COMM CTR-TAEGU	10,000	SF	2,490	90
Korea Various	FIRE STATION-MERCER	3,016	SF	0	0
Korea Various	AUXILIARY POWER, CARROLL	1,200	KW	850	30
Korea Various	EXPAND "H" SHOP, CARROLL	125,095	SF	5,090	200
Korea Various	MARINE MAINT FAC-ESF	42,500	SF	4,140	160
Korea Various	EMS FIT CTR-HUMPHREYS	30,000	SF	2,000	70
Korea Various	DINING FACILITY-CASEY	356	EN	2,450	90
Korea Various	TACT EQUIP SHOP-HOVEY	6,300	SF	700	20
Korea Various	TACT MAINT FAC-CASEY	112,900	SF	11,890	470
Korea Various	OPERATIONS FAC-HANNAM		LS	2,090	80
Korea Various	TACT MAINT FAC-YONGSAN	6,000	SF	1,170	40
Korea Various	GP HQ BLDG, REDCLOUD	10,600	SF	830	30
Korea Various	TAC MAINT FAC, REDCLOUD	3,000	SF	650	20
Korea Various	SUP/SVCE CMPLX-HUMPHREYS	16,900	SF	720	20
Korea Various	FROZEN BLOOD FACILITY	6,150	SF	520	20
Korea Various	DEH ADMIN FAC, REDCLOUD	15,000	SF	2,820	110
Korea Various	MUNITIONS SHOP, V.L. 2ID	33,584	SF	5,650	220
Korea Various	ENL BKS W/AS-CASEY	1,620	EN	23,760	950
Korea Various	ENL BKS W/AS-STANLEY	432	EN	7,350	290
Korea Various	CTRL HUMID WHSE, HMP	60,000	SF	2,310	90
Marjalein					
Marjalein Atoll	UPGR PIER/CRANE (ECHO)		LS	4,710	180
Marjalein Atoll	REPLACE MAINT SHOPS, ROI N	20,000	SF	4,710	180
Marjalein Atoll	EOQ MCD-KWAJ	100	EN	11,210	440
Marjalein Atoll	COLD SVCE WHSE	200,000	CF	3,850	150
Louisiana					
Fort Polk	DIO CONS MAINTENANCE			28,750	1,140
Fort Polk	MOUT RANGE	1	EA	6,320	250
Maryland					
Fort Detrick	MULTI-USE FAMILY CENTER	16,235	SF	2,090	80
Fort Detrick	MED LOG BDG ADM-BDG 1423	20,000	SF	3,260	130
Fort Meade	REACT. AMMO SUP-POINT	6,377	SF	720	20
Fort Meade	ADMIN & STORAGE BLDGS (5)	39,336	SF	3,060	120
Fort Meade	CIVILIAN PERS OFF ADM	7,020	SF	820	30
Fort Meade	RGN HQ/CID FLD OP BLDG	20,600	SF	1,630	60
Fort Ritchie	FIRE STATION (3-BAY)	4,800	SF	370	10
Fort Ritchie	CONSERT RESERVOIR	9,800	SF	590	20
Fort Ritchie	PHYSICAL FITNESS CTR	21,000	SF	2,380	90
Massachusetts					
Fort Devens	UNIT MAINT HANGAR	20,125	SF	4,430	170
Fort Devens	BARRACKS MODERNIZATION	468	EN	3,880	150
Fort Devens	CIDC FIELD OPERATION BLDG	8,000	SF	940	30
Fort Devens	BARRACKS MOD	235	EN	4,210	160
Fort Devens	MOD ADMD CLSRM BLDG P-13	112,371	SF	10,830	430
Fort Devens	MOUT/MPC PIT	85,178	SF	3,580	140

DEPARTMENT OF ARMY
FY 1989 MCA Program Planning & Design And Project Listing
Projects for which concept design is planned to be obligated in FY 1989

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Missouri					
Fort Leonard Wood	TRAINEE BARRACKS	1,000	EN	11,870	470
New Hampshire					
Cold Regions Laboratory	VETERINARY TECHNICAL LIBRARY	14,405	SF	2,000	70
New Jersey					
Bayonne Mil Ocean Term	WELCOME DEFENSE PROPERTY	62,725	SF	2,340	90
Fort Monmouth	COMM CENTER	10,000	SF	2,540	100
Fort Monmouth	EMISSION FITNESS CENTER	35,000	SF	5,110	200
Fort Monmouth	UNGRADE PULSE POWER FAC	4,000	SF	3,250	120
New York					
U S Military Academy	WIDEN SIDEWALK LONESOME RD		LS	750	20
U S Military Academy	EMS FITNESS CENTER ADDN	3,925	SF	710	20
U S Military Academy	REAL CONSOL ADMIN BLDG	34,200	SF	4,000	150
U S Military Academy	MCD MAINT FAC/TEMP ADMIN	99,000	SF	10,530	420
U S Military Academy	RIFLE CANNEL CENTER		LS	1,410	50
U S Military Academy	ADDD RIFLE MARKSMN RANGE	10	EA	1,410	50
North Carolina					
Fort Bragg	DEF TEST AREA	1	EA	1,390	50
Fort Bragg	GROUP CES COMPLEX	52,000	SF	13,640	540
Fort Bragg	DINING FACILITY MCD-ERAGG	650	EN	2,080	80
Fort Bragg	DINING FACILITY MCD-ERAGG	150	EN	3,620	140
Fort Bragg	BN HQ		LS	1,400	50
Fort Bragg	DINING FACILITY-ERAGG	800	EN	1,110	40
Fort Bragg	TRNG RANGE DIR 2	1	EA	1,050	40
Fort Bragg	ENGINEER HQS-REL BARRACKS	10,000	SF	840	30
Fort Bragg	TACTICAL EQUIP SHOP	17,150	SF	2,550	100
Fort Bragg	OBSTACLE COURSE	1	EA	510	20
Fort Bragg	UPGRD SPEC OPS COMPLEX	1	EA	890	30
Fort Bragg	VEH MAINT SHOP-CPG	26,400	SF	5,640	220
Sunny Point Mil Ocean Term	300 SERIES HOLDING AND IMP	21	EA	1,600	60
Oklahoma					
Fort Sill	ENL BKS - TRANSIENT	200	EN	5,090	200
Panama					
Fort Clayton	BARRACKS MCD W/ADM-DAVIS	104	EN	1,600	60
Panama Area	BDQ	60	EN	1,960	70
Pennsylvania					
Fort Indiantown Gap	DINING FACILITY MCD-IND GP	20	EN	2,640	100
Puerto Rico					
Fort Buchanan	EMISSION FITNESS CTR	10,460	SF	2,820	110
Texas					
Fort Hood	TACT EQUIP SHOP-REV	2,763	SF	1,070	40
Fort Hood	COMPANY ADMIN & SUP-REV		LS	800	30
Fort Hood	DIN FAC 800-MH-DISCON		LS	3,390	130
Fort Hood	800-MN DIN FAC (2 AD)		LS	3,390	130
Fort Hood	RANGE PROJECT UPGRADE	1	EA	3,020	120
Fort Hood	TACT EQUIP SHOP-53RD CM	4,913	SF	5,610	220
Fort Hood	DS MNT FAC 2 AD	88,388	SF	9,990	380
Fort Sam Houston	WATER STORAGE TANK	1,000	MG	2,010	80
Fort Sam Houston	MCD BLDG FOR SHOP/MS	316,000	SF	6,370	250
Fort Sam Houston	RELIGIOUS EDUCATIONAL FAC	13,100	SF	1,170	40
Fort Sam Houston	DINING FACILITY MCD	1,800	EN	540	20
Fort Sam Houston	DINING FACILITY MCD	1,650	EN	570	20
Utah					
Dugway Proving Ground	COMMUNICATIONS FAC	24,388	SF	3,300	130
Dugway Proving Ground	LIFE SCIENCES LAB	43,000	SF	16,970	670
Virginia					
Cameron Station	EMISSION FITNESS CENTER	21,000	SF	2,550	100
Fort A P Hill	MOUT & RAC	1	EA	3,170	120
Fort A P Hill	EMISSION FITNESS CENTER	13,080	SF	600	20
Fort A P Hill	SPEC PURPOSE RANGE COMPLEX		LS	3,300	130
Fort Belvoir	CDDC FIELD OPERATION BLDG	9,000	SF	1,880	70
Fort Belvoir	Consolidate AIP Facility		LS	28,340	1,130
Fort Lee	REC CTR/GYM CHILD WELF	9,900	SF	1,270	50
Fort Myer	BARRACKS VOQ/VEQ	110	EN	2,980	110
Fort Pickett	MNS RAC CEN		LS	3,770	150
Vint Hill Farms Station	MULTI-PURP RELIGIOUS CTR	16,600	SF	2,300	90
Vint Hill Farms Station	FIRE STATION	3,000	SF	270	10

DEPARTMENT OF ARMY
FY 1989 MCA Progress Planning & Design And Project Listing
Projects for which concept design is planned to be obligated in FY 1989

STATE / STATION	Project Description	Scope	Unit Meas	Estimated Cost ($ 000)	Estimated Design Cost ($ 000)
Washington					
Fort Lewis	FIELDHOUSE ADDN (2161	36,540	SF	5,850	230
Fort Lewis	CO OPS & SUPPLY -170 MP CO	4,830	SF	630	20
Fort Lewis	BN HQ & CLASSROOM	13,300	SF	1,550	60
Fort Lewis	DINING FACILITY MCD-LEWIS	300	EN	1,020	40
Fort Lewis	CO OPS & SUPPLY -CNB HVY	24,150	SF	2,280	90
Fort Lewis	VEH MAINT SHOP -CNB HVY	15,954	SF	3,850	150
Fort Lewis	VEH MAINT SHOP -MI EIE	30,616	SF	5,440	210
Fort Lewis	GRNDSKPR LIBRARY ADDN	15,000	SF	1,540	60
Wisconsin					
Fort McCoy	UTILITIES TO SQUAW LAKE	8,000	LF	560	20
Fort McCoy	ELEC POWER TO RANGES		LS	2,540	100
Fort McCoy	CENTRAL FUEL STORAGE		LS	560	20

JUSTIFICATION FOR FY 1988/89 MCON DESIGN FUND REQUEST

DESIGN OF PROJECTS SUBMITTED FOR AUTHORIZATION IN FY 1989

FY 89 MCON PROGRAM

ACTIVITY	ST	PND	DESCRIPTION	AUTH AMOUNT ($000)	DESIGN $ FY88 ($000)
ALAMEDA NARF	CA	779	ACFT ACOUSTICAL ENCL	6560	262
ALBANY MCLB	GA	235	BEQ MODN	900	36
ALBANY MCLB	GA	245	COMBAT VEH MAINT FAC	800	32
ALBANY MCLB	GA	250	PAINTING FAC	5650	226
ALBANY MCLB	GA	310	TESTS MEAS/DIA SVC FAC	2450	98
ALBANY MCLB	GA	315	TANK & AUTO TEST FAC	590	24
ANNAPOLIS NAVACAD	MD	242	FAMILY SERVICES CENTER	540	22
ANNAPOLIS, MD	MD	161	WELDING/MAT LAB	1860	74
ANTIGUA NF	AB	017	SMALL CRAFT BERTHING	6470	259
BANGOR	WA	140	SEC BLDG	2590	104
BANGOR REFITFA	WA	027	TRANSPORTATION FAC	1180	47
BANGOR REFITFA	WA	029	REPAIR SHOP STORAGE	990	40
BARSTOW MCLB	CA	099	TRACKED VEH TEST FAC	2210	88
BARSTOW MCLB	CA	199	STEAM CLEANING FAC	390	16
BARSTOW MCLB	CA	226	CHILD CARE CENTER	800	32
BEAUFORT MCAS	SC	354	CHILD CARE CTR	880	35
BEAUFORT NH	SC	170	CONST/MODN BOQ	2260	90
BERMUDA NAS	B1	119	SEWAGE SYS UPGRADE	4890	196
BETHESDA NMDSC	MD	801	MEDICAL DATA SVC FAC	5930	237
BREMERTON	WA	259	ACOUSTIC RANGE OPS	8860	354
BREMERTON NSC	CA	061	BULK STORAGE WHSE	5740	230
BRIDGEPORT MWTC	CA	954	MULTI-PURPOSE FAC	3200	128
BRUNSWICK NAS	ME	156	FLIGHT LINE SECURITY IMPR	1770	71
BRUNSWICK NAS	ME	154	BOILER STACK MODS	530	21
CAMP BUTLER	JA	426	GYMNSIUM ADDN	1270	51
CAMP BUTLER	JA	868	COMBAT TRNG	890	36
CAMP BUTLER JA	JA	849	ELEC COMM MAINT	1240	50
CAMP ELMORE MCCD	VA	613	MAINT CTR	1260	50
CAMP ELMORE MCCD	VA	802	HQTS SUPPORT COMPLEX	1690	68
CAMP LEJEUNE MCB	NC	229	ELEC COMM MINT SHOP	4230	169
CAMP LEJEUNE MCB	NC	629	BEQ	22380	895
CAMP LEJEUNE MCB	NC	663	MESS HALL	4520	181
CAMP LEJEUNE MCB	NC	809	MECH TRNG BLDG	3530	141
CAMP LEJEUNE MCB	NC	811	ELEC SAFETY IMPR	1600	64
CAMP LEJEUNE MCB	NC	829	AIR EMISSION CONTROL	600	24
CAMP LEJEUNE MCB	NC	852	CHILD CARE CTR	1040	42
CAMP LEJEUNE MCB	NC	870	INFANTRY SCHOOL	2210	88
CAMP LEJEUNE MCB	NC	872	CAST	1640	66
CAMP LEJEUNE MCB	NC	873	OPS MAINT FAC	1740	70
CAMP PENDLETON ATF	CA	970	AMMO FAC	1940	78
CAMP PENDLETON MCAS	CA	433	REFUELDING VEHICLE SHOP	430	17
CAMP PENDLETON MCAS	CA	439	ACFT FIRE & RES STA ADD	470	19
CAMP PENDLETON MCAS	CA	545	IMA HANGAR ADDS/ALTS	3060	122
CAMP PENDLETON MCAS	CA	546	IMA HANGAR ADDNS	2250	90
CAMP PENDLETON MCAS	CA	554	TACTICAL SUPPORT VAN PADS	1600	64
CAMP PENDLETON MCAS	CA	562	RUNWAY OVERRUN IMPRS	2210	88
CAMP PENDLETON MCB	CA	102	TACTICAL VEH MAINT SHOP	8270	331
CAMP PENDLETON MCB	CA	831	MARINE AIR SUPT COMPLEX	6490	260
CAMP PENDLETON MCB	CA	855	SCHOOL OF INFANTRY SUPT F	3810	152
CAMP PENDLETON MCB	CA	998	BEQ	16000	640
CECIL FIELD NAS	FL	252	AIRCRAFT MAINT FAC	1040	42
CECIL FIELD NAS	FL	253	MISSILE STG FAC	340	14
CHARLESTON NSC	SC	058	SERVMART	3200	128
CHARLESTON NSC	SC	785	LOADING FAC	1090	44
CHARLESTON NSY	SC	659	FIRE SAFETY	640	26
CHARLESTON NWS	SC	732	INERT STRG	470	19
CHARLESTON NWS	SC	748	TORPEDO MAINT FAC	3390	136
CHARLESTON NWS	SC	782	TOMAHAWK MISSILE MAG	3620	145
CHARLESTON NWS	SC	811	VERTICAL LAUNCH SYS	9400	376
CHARLESTON NWS	SC	813	ELEC DISTR SYS	3950	158
CHARLESTON SC	SC	340	FLT BALLISTIC MISSILE	4470	179
CHARLESTON SC	SC	801	VERTICAL LAUNCH PAD	2470	99
CHERRY POINT MCAS	VA	030	A/C GUNNERY RANGE	1880	75
CHERRY POINT MCAS	NC	032	TRAINING AREA	8280	331

CHERRY POINT MCAS	NC	541	CONTROL TOWER	3010	120
CHERRY POINT MCAS	NC	843	HEAT COVER COMBAT POOL	640	26
CHERRY POINT MCAS	NC	846	CHILD CARE CTR	1740	70
CHERRY POINT MCAS	NC	861	VENTILATION IMPROV	560	22
CHERRY POINT MCAS	NC	872	BEQ	20410	816
CHERRY POINT NARF	NC	507	PNEUMATICS SHOP	5840	234
CHESAPEAKE	VA	813	ROTHR SUPPORT FAC	4310	172
CHESAPEAKE NSGA	VA	710	GYMNASIUM	1090	44
CHINA LAKE NWC	CA	342	DEFECTION SYS LAB ADDN	4280	171
CHINA LAKE NWC	CA	369	FUZE & SENSORS	7520	301
CHINA LAKE NWC	CA	423	STAGEING & TRNG HANGAR FA	6490	260
CONCORD NWS	CA	279	ASWOC	4320	173
CORONADO	CA	078	OP STRGE WHSE	3670	147
CORONADO NAB	CA	173	OPEN STORAGE AREA	870	35
CORONADO NAB	CA	177	BASIC UNDERWATER DEMO SEA	7040	282
CORONADO PHIBSCOL	CA	155	DIVING PIER	7810	312
CORPUS CHRISTI NAS	TX	006	SUPPORT FAC	31850	1274
CRANE NWDC	IN	236	CONSOL BRIG	15800	632
DAHLGREN NAVSPASUR	VA	249	SPACE SURV FAC	10190	408
DAHLGREN SURFWPNCEN	VA	214	AEGIS/DDG-51 TRNG	8470	339
DAM NECK FCTC	VA	973	AIB EXPANSION	4700	188
DAM NECK FCTCLANT	VA	943	BASE OPS CTR	1550	62
DAM NECK NAVGMSCOL	VA	198	TRAINING FAC	3760	150
DIEGO GARCIA	RP	999	OCEAN SUR FAC	600	24
EARLE NWS	NJ	825	SMOKELESS PDR PROJ MAG	9690	388
EARLE NWS	NJ	867	DREDGING PH II	15900	636
EARLE NWS	NJ	894	TOMAHAWK MAGS	4460	178
EL TORO MCAS	CA	315	CHILD CARE CENTER	2730	109
EL TORO MCAS	CA	473	ARMING PADS	1240	50
EVERETT	WA	109	CARRIER SUPPORT COMPLEX	52950	2118
FALLON NAS	NV	274	WAREHOUSE	1850	74
FALLON NAS	NV	276	IMA	1500	60
FALLON NAS	NV	279	HANGAR	6120	245
FUTENMA MCB	JA	287	OPS BLDG	700	28
FUTENMA MCB	JA	309	MAINT HANGAR ADDN	1970	79
FUTENMA MCB	JA	888	TACTICAL SPT VAN PADS	2250	90
GREAT LAKES NTC	IL	419	CHAPEL	4610	184
GREAT LAKES NTC	IL	426	BEQ	11100	444
GREAT LAKES NTC	IL	435	APPLIED TRAINING BLDG	2690	108
GREAT LAKES NTC	IL	495	ALT TO BLDG 616	750	30
GREAT LAKES PWC	IL	368	WATER TOWER	1930	77
GROTON NAVLEGSVCOFF	CT	385	ELEC MAINT SHOP	1170	47
GUAM NS	RP	369	ROAD IMPRS	2820	113
GUAM NSD	RP	022	FIRE PROT SYS	1600	64
GUAM NSD	RP	103	TRNG SHED	5710	228
GUAM PWC	RP	130	WHARVES POWER IMPROVE	4900	196
GUAM PWC	RP	144	POWER PLANT MODS	1270	51
GULFPORT NAVCONSTRACEN	MS	715	STEEL WORKERS TRNG BLDG	2190	88
GULFPORT NAVCONSTRACEN	MS	717	BUILDERS TRNG BLDG	1880	75
INDIAN HEAD	MD	064	MESS HALL	1270	51
INDIAN HEAD NOS	MC	034	ORD COUNTERMEASURE LAB	7520	301
INDIAN HEAD NOS	MD	088	MUNITIONS DISSASSEMBLY	3060	122
IWAKUNI MCAS	JA	545	HIGH EXPLOSIVES MAGS	9590	384
IWAKUNI MCAS	JA	753	ARMING & DEARMING PAD	1830	73
JACKSONVILLE NARF	FL	592	ENGINE PROCESSING	14180	567
JACKSONVILLE NAS	FL	157	OPERATIONAL TRNG BLDG	5810	232
JACKSONVILLE NH	FL	320	BEQ	2020	81
KANEOHE BAY MCAS	HI	404	MTCE HANGAR MOD	7760	310
KANEOHE BAY MCAS	HI	460	ELEC COMM MAINT	1810	72
KANEOHE BAY MCAS	HI	492	AIRFIELD PAVEMENT IMPRO	8760	350
KANEOHE BAY MCAS	HI	524	ELEC/COMMS MAINT SHOP	2910	116
KANEOHE BAY MCAS	HI	616	BEQ	13360	534
KANEOHE BAY MCAS	HI	618	SPEC CMPT INFO FAC	5520	221
KANEOHE BAY MCAS	HI	624	CAST	1790	72
KEY WEST NAS	FL	614	POWER DISTR	850	34
KEYPORT NUWES	WA	306	TARGET MAINT FAC	2380	95
KEYPORT NUWES	WA	309	FIRE STATION	970	39
KEYPORT NUWES	WA	325	AMMO PIER IMPR	2640	106
KINGS BAY NSB	GA	358	REFIT WHARF 3	52030	2081
LEMOORE NH	CA	009	APTU REPLACEMENT	2160	86
LITTLE CREEK NAB	VA	344	BOAT SHOP	8270	331
LITTLE CREEK NAB	VA	380	TRAINING COLDS	640	26
LITTLE CREEK PHIBSCOL	VA	366	LCAC TRAINING FAC	1400	56
LONG BEACH NS	CA	203	FLEET REC CENTER	5460	218
LOUISVILLE NOS	KY	200	IND WASTEWATER FAC	17800	712
LUALUALEI NM	HI	128	MISSILE MAGS	3760	150
MARE ISLAND NSY	CA	257	PIER 35 UPGRADE	7710	308
MARE ISLAND NSY	CA	286	DD REFUEL COMPLEX	3950	158
MAYPORT NAVLEGSVCOFF	FL	640	LEGAL SERVICES OFF	1790	72
MAYPORT NS	FL	114	INDUSTRIAL WASTE TRTMENT	3060	122

MECHANICSBURG SPCC	PA	099	ADMIN OFF	2050	82
MECHANICSBURG SPCC	PA	104	FLT SPT MGMT OFFICE	2690	108
MILLINGTON NAS	TN	102	AVIATION SUPT EQUIP FAC	10090	404
MOFFETT FIELD NAS	CA	233	OPS TRNG BLDG	2690	108
MONTEREY CA NPGS	CA	071	STEAM LINE IMPROV	2900	116
NAPLES NSA	IT	126AC3I	COMPLEX PH II	48450	1938
NAPLES NSA	IT	119	COLD STOR FAC	2060	82
NAPLES NSA	IT	122	AIRCRAFT PARKING APRON	1400	56
NEW LONDON NSB	CT	165	WPNS FACS & LAND ACQ	6660	266
NEW LONDON NSB	CN	377	BOILER PLANTS MOD	2250	90
NEW LONDON NSS	CN	174	OPS TRNG FAC	7810	312
NEW RIVER MCAS	NC	465	COMBAT A/C ORD LOAD AREA	1900	76
NEW RIVER MCAS	NC	497	ORD OPS FAC	500	20
NEW RIVER MCAS	NC	507	MAINTENANCE HANGAR	4610	184
NEW YORK NS	NY	070	BATTLESHIP SUPT COMP II	10480	419
NEWPORT NAVJUSTSCOL	RI	361	LEGAL TRNG BLDG	2060	82
NEWPORT SWOSCOLCOM	RI	384	COMBAT SYS TRNG	3110	124
NORFOLK HSA	VA	637	HQ ADMIN OFFICE	1360	54
NORFOLK NARF	VA	241	MAT STANDARD LAB	8950	358
NORFOLK NAS	VA	519	MAINT HANGAR MODS	5930	237
NORFOLK NAVMEDCLINIC	VA	550	APTU	2470	99
NORFOLK NSC	VA	134	PUBLIC WORKS SHOP	1690	68
NORFOLK NSC	VA	406	STOR SHED & ISSUE FAC	4260	170
NORFOLK NSC	VA	445	AC COMPONENT STRG SHEDS	2060	82
NORFOLK NSC	VA	648	PASS OFFICE	1930	77
NORFOLK NSLD	VA	645	LEGAL SERVICES BLDG	680	27
NORFOLK PWC	VA	844	STEAM PLANT IMPROVS	4410	176
NORTH ISLAND NARF	CA	243	HAZARDOUS MATERIAL FAC	2110	84
NORTH ISLAND NAS	CA	540	MAINT HANGAR ADDN	5710	228
NORTH ISLAND NAS	CA	601	IMA FAC	3390	136
OAKLAND NSC	CA	108	GAS CYLINDER STRG	1550	62
OCEANA NAS	VA	174	A-6F WPNS SYS TRNR	2280	91
OCEANA NAS	VA	200	TACT AIR TRNG SHOP	1900	76
OCEANA NAS	VA	614	LEGAL SERVICES BLDG	540	22
OCEANA NAS	VA	718	TRNG BLDG ADDN	4700	188
OCEANA NAS	VA	725	AC SPARES STRG ADDN	790	32
ORLANDO NTC	FL	165	UTILITIES SEWER GAS	3810	152
ORLANDO NTC	FL	177	FF TRAINING FACILITIES	3760	150
ORLANDO NTC	FL	239	BARRACKS	17960	718
PANAMA NS	CZ	115	SPEC WARFARE UNIT	7140	286
PATUXENT RIVER NATC	MD	337	OIL SPILL PREVENTION	1250	50
PEARL HARBOR	HI	106	HAZ/FLAM FAC	5810	232
PEARL HARBOR	HI	409	ELEC COMM MAINT FAC	2640	106
PEARL HARBOR	HI	245	LEGAL SERVICES OFFICE	2380	95
PEARL HARBOR NS	HI	127	ANTENNA SAFETY IMPROVS	1020	41
PEARL HARBOR NS	HI	257	BRIG	8370	335
PEARL HARBOR NSB	HI	089	SUPPLY HQ & WHSE	1880	75
PEARL HARBOR NSB	HI	108	CONTROLLED INDUS FAC	9690	388
PEARL HARBOR NSC	HI	122	WHSE FIRE PROTECTION	2540	102
PEARL HARBOR NSUBTRCEN	HI	019	SUBMARINE TRNG BLDG ADDN	1690	68
PEARL HARBOR NSUBTRCEN	HI	023	DAMAGE CONTROL FAC	1400	56
PEARL HARBOR NVMEDCLINIC	HI	221	APTU	2160	86
PEARL HARBOR PWC	HI	453	ELEC GROUNDING SYS	3760	150
PENSACOLA FL	FL	099	ADMIN FAC MOD	2840	114
PENSACOLA NAS	FL	047	BRIG	2910	116
PENSACOLA NAS	FL	579	REPLACE HAZ/FLAM WHSE	2640	106
PENSACOLA NAS	FL	602	CARRIER SUPT COMPLEX	14320	573
PENSACOLA NH	FL	077	AVIAT PHYSIOLOGY TRNG BLD	2250	90
PHILADELPHIA ASO	PA	049	BUILDING EXT	1400	56
POINT MUGU PMTC	CA	986	MISILE SYS INTE LAB	17430	697
PORT HUENEME	CA	431	AUTO MAINT FAC	1500	60
PORT HUENEME	CA	381	WAR RESERVES WHSE	3110	124
PORT HUENEME	CA	436	SEABEE FLEET SUP	3330	133
PORT HUENEME NCBC	CA	434	APPLIED INSTR BLDG	6290	252
PORT HUENEME NCBC	CA	453	FLEET SUPPORT CTR	11140	446
QUANTICO MCDEVCTR	MD	039	APPLIED INST BLDG	1790	72
QUANTICO MCDEVCTR	MD	305	TRNG RANGE IMPR	4800	192
ROTA NCS	SP	518	WAREHOUSE	400	16
SAN BRUNO NFEC	CA	007	CONSTRUCTION MGMT OFF	650	26
SAN BRUNO NFEC	CA	016	CONSTRUCTION MGMT OFF	460	18
SAN DIEGO FASWTC	CA	231	BEQ	8470	339
SAN DIEGO FCTCPAC	CA	031	BASE SECURITY FAC	3570	143
SAN DIEGO FTC	CA	002	OPERATIONAL TRAINER FAC	11430	457
SAN DIEGO MCRD	CA	233	CHILD CARE CENTER	520	21
SAN DIEGO NAVOCNSYSCEN	CA	093	C3/SURV INTEGRAT LAB	8660	346
SAN DIEGO NAVPERSRADCN	CA	003	PERS AND HEALTH CTR	14100	564
SAN DIEGO NH	CA	600	SUPT FACS	12530	501
SAN DIEGO NLSO	CA	247	LEGAL SERVICES OFF	5520	221
SAN DIEGO NS	CA	224	BRIG	8000	320
SAN DIEGO NSB	CA	048	BEQ	13920	557

SAN DIEGO NSB	CA	062	SEAWALL	1880	75
SAN DIEGO NSB	CA	089	TORPEDO SHOP	3150	126
SAN DIEGO NSC	CA	010	SPACE SURV FAC	3760	150
SAN DIEGO NSC	CA	073	MHE MAINT FAC	1310	52
SAN DIEGO NSGD	CA	181	CMIO ADDN	1550	62
SAN DIEGO NTC	CA	320	APPRENTICE TRNG BLDG	6020	241
SAN DIEGO PERSUPPACT	CA	092	PERS SUPT FAC	1180	47
SAN DIEGO PWC	CA	099	SEWERAGE SYSTEM	500	20
SAN DIEGO PWC	CA	116	ELEC DIST SYS	3724	149
SAN DIEGO SIMA	CA	012	SHORE MAINT FAC	10720	429
SAN DIEGO SUBTRAFAC	CA	999	OPER TRAINER FAC	6100	244
SAN FRANCISCO PWC	CA	069	ELEC POWER SYS	9010	360
SEAL BEACH NWS	CA	136	MISSLE MAGS	6490	260
SEAL BEACH NWS	CA	138	MISSILE MAG	2450	98
SEAL BEACH NWS	CA	142	HARM MAGAZINE	2350	94
SIGONELLA NAS	IT	120	PARKING APRON	3620	145
SIGONELLA NAS	IT	200	CONSTR BATT SUPT FACS	10540	422
SIGONELLA NAS	IT	281	ENGINE TEST CEL	3250	130
SILVERDALE	WA	803	STRATEGIC WPNS FAC	26460	1058
SUBIC BAY NH	RP	976	BEQ	3570	143
SUBIC BAY NH	RP	136	AMMO REWORK & OVERHAUL SH	4510	180
SUBIC BAY NSC	RP	118	FIRE PROT WAREHOUSE	450	18
SUBIC BAY PWC	RP	940	HAZ MAT STRG & HANDL FAC	570	23
SUBIC BAY PWC	RP	950	ELEC PWR PLT EXPAN	25580	1023
TINKER AFB	TX	089	A/C SUPPORT FAC	38080	1523
TREASURE IS NS	CA	903	BATTLESHIP SUPT COMP	15180	607
TUSTIN MCAS	CA	156	GSE SHOP	570	23
TUSTIN MCAS	CA	212	CHILD CARE CENTER	1970	79
TUSTIN MCAS	CA	257	HANGAR MODN	13730	549
TUSTIN MCAS	CA	262	BEQ	8370	335
TWENTYNINE PALMS	CA	053	SMALL ARMS RANGE IMPS	1550	62
TWENTYNINE PALMS MAGCC	CA	263	IMPRS DEL VALLE RD	4650	186
TWENTYNINE PALMS MAGCC	CA	286	CHILD CARE CENTER	1930	77
TWENTYNINE PALMS MAGCC	CA	378	BEQ	19100	764
TWENTYNINE PALMS MAGCC	CA	423	EL/COMM MAINT SHOP	2130	85
TWENTYNINE PALMS MAGCC	CA	460	RPV FAC	3950	158
VARLOCS	ZMI	053	RADOME UPGR	2900	116
VARLOCS		089	LAND ACQUISITION	12370	495
VARLOCS		151	OPERATIONAL FAC	4990	200
VARLOCS (GALVESTON)	TX	027	TYPE II BLDG	1690	68
VARLOCS (LAKE CHARLES)	LA	006	MAINT FAC	5000	200
VARLOCS (MOBILE)	AL	017	TYPE 1 BLDG	19700	788
VARLOCS (PASCAGOULA)	MS	022	SPT BLDGS (PASCAGOULA)	25700	1028
VARLOCS ASHRCOMS		223	ELECTRONIC INSTALLATION	26280	1051
VARLOCS		296	ADMIN OFF MODS	23250	930
WARMINISTER NADC	PA	154	BEQ IMPR	1270	51
WASHINGTON DC NAVTELHQ	DC	001	HQ BUILDING	61825	2473
WASHINGTON NRL	DC	702	ELEC SYS LAB	19000	760
WHIDBEY IS NAS	WA	032	AIMD FAC	8370	335
WHIDBEY IS NAS	WA	071	APRON	2640	106
WHITE OAK NSWC	MD	087	FAB SHOP CONSOL	2540	102
WHITE SANDS NOMTF	NM	003	MISSILE TEST BLDG	8090	324
WILLIAMSBURG NSC	VA	943	MUNICIPAL SEWER CONNECT	3300	132
WILLIAMSBURGH OPSUPTRAC	VA	462	OPTHALMIC FAC	1970	79
YORKTOWN NWS	VA	114	TOMAHAWK MAGAZINE	4890	196
YORKTOWN NWS	VA	417	SM VLS EN DECAN	10820	433
YORKTOWN NWS	VA	421	HARM MAGAZINES	7470	299
YUMA MCAS	AZ	364	GYMNASIUM ADDN	600	24
YUMA MCAS	AZ	404	AIRCRAFT ACOUSTICAL ENCL	6580	263
YUMA MCAS	AZ	409	COMMUNICATAION CENTER	580	23
YUMA MCAS	AZ	418	AIR STATION SECURITY	500	20
YUMA MCAS	AZ	429	AUTO MAINT FAC	4610	184

JUSTIFICATION FOR FY 1988/89 MCON DESIGN FUND REQUEST

DESIGN OF PROJECTS INTENDED TO BE SUBMITTED FOR AUTHORIZATION IN FY90

(Projects identified below are based on tentative programming planning and are subject to change.)

FY90 MCON PROGRAM

ACTIVITY	P#	DESCRIPTION	AUTH AMOUNT	DESIGN $ FY89($000)
ANNAPOLIS, MD NAVACAD	253	HUMANITIES CLASSROOM	8012	320
ARLINGTON, VA HQMC	006	GENERAL WAREHOUSE	2300	92
ARLINGTON, VA HQMC	012	LAND ACQ	1300	52
DAHLGREN VA NAVSPASUR	250	OPS CENTER	2904	116
DAHLGREN VA NSWC	166	WEAPONS SYS LAB	4622	185
DAHLGREN VA NSWC	239	BOQ ADDITION	2800	112
INDIAN HEAD MD NOS	093	BEQ	3550	142
INDIAN HEAD MD NOS	059	MIX/CAST/CURE FAC	7500	300
PATUXENT RIVER MD NATC	427	TEST PILOT SCHOOL	5100	204
QUANTICO, VA MCDEVED	246	CHILD CARE CTR	2300	92
QUANTICO, VA MCDEVED	407	OCS DIN FAC EXPANSIO	363	15
QUANTICO, VA MCDEVED	337	REPL AMMO STORAGE FA	5125	205
QUANTICO, VA MCDEVED	375	COS ADN	540	22
ST INIGOES MD NESEC	720	LIFE CYCLE SUPT FAC	4300	172
WALLOPS IS VA NSWC	300	RANGE OPS & INST LAB	8610	344
WASHINGTON DC NAVDIST	999	WHY UPGRADE	13363	535
WASHINGTON DC NAVOBSY	025	ADMIN OFFICE	1520	61
WASHINGTON DC NRL	115	ELECTRO-OPTICS LAB	9077	363
WASHINGTON DC NRL	523	FACILITY ENERGY IMPR	3100	124
WASHINGTON DC NSS	XXX	BEAVER PELT	25200	1008
WASHINGTON DC NSS	037	COMMAND SUPPORT	3906	156
ANTIGUA BWI SUPPFAC	020	BEQ	1700	68
ARGENTIA NF	123	TERMINAL EQUIP BLDG	1325	53
ARGENTIA NF	107	FITNESS CENTER	800	32
ASCENSION IS LANTFLT	967	NF UTILITY SUPPORT	2750	110
BERMUDA BWI NAS	997	BOQ	6500	260
BERMUDA BWI NAS	840	POWER PLANT ADDN	2970	119
BERMUDA BWI NAS	440	FLIGHT LINE PHYS SEC	2004	80
CAMP LEJEUNE NC MCB	845	OIL SPILL PREVENTION	2475	99
CHERRY POINT NC NARF	917	AUTOMTD PARTS CLEANI	19000	760
CHESAPEAKE, VA NSGA	806	CHILD CARE CTR	331	13
CHERRY PT NC MCAS	048	RANGE SEA SITE	1000	40
DAM NECK VA FCDSSA	983	OPS CENTER ADDITION	4550	182
DAM NECK VA FCTC	978	BLDG EXPANSION	5843	234
DAM NECK VA GMSCOL	117	COMBAT SYS TRNG FAC	3352	134
GUANTANAMO BAY CUBA NS	422	BASE POLICE FAC	1030	41
GUANTANAMO BAY CUBA NS	377	REPLACE SIMA FACILIT	13700	548
ISABELLA PR NCS	133	HVAC REPLACEMENT	1000	40
KEFLAVIK IC NAS	463	FUEL FACILITY PH VI	8500	340
KEFLAVIK IC NAS	560	FLIGHT LINE & RAMP S	930	37
KEFLAVIK ICELAND	568	LF TOWER	4750	190
KEFLAVIK ICELAND NCS	467	TRANSMITTER BLDG ADD	570	23
LITTLE CREEK VA NAB	368	OPS TWR/LAND ACQ	1500	60
LITTLE CREEK VA NAB	379	BERTHING PIER EXTENS	4000	160
LITTLE CREEK VA NAB	204	SWDG RELOCATION	3000	120
LITTLE CREEK VA NAB	855	FIRE STATION	1400	56
LITTLE CREEK VA NAB	182	EOD GPII COMPLEX	4700	188
LITTLE CREEK VA NAB	337	LCAC PHASE II	12000	480
LITTLE CREEK VA PHIBSC	360	SHIP HANDLING TRNG F	600	24
LONDON UK NAVACTS	201	PHYSICAL FITNESS CEN	2900	116
LONDON UK NAVACTS	215	BOQ	10000	400
LONDON UK PSA	610	PASS OFFICE	683	27
LOUISVILLE KY NOS	442	SPRINKLER SYSTEM	750	30
NAPLES IT NSA	147	PWD SHOP	6300	252
NAPLES IT NSA	112	AIR CARGO TERMINAL	3800	152
NAPLES IT NSA	144	BEQ	7100	284
NAPLES IT NSA	141	ADMIN BLDG	7400	296
NAPLES IT NSA	169	UTIL/SITE IMPROV	10300	412
NAPLES IT NSA	158	FIRE STATION	700	28
NAPLES IT NSA	137	UTILITY UPGRADE	9600	384
NORFOLK VA FTC	178	ADMIN BLDG	4707	188
NORFOLK VA FTC	180	F/F TRAINING FAC	11000	440
NORFOLK VA FTC	179	ENGR TRAINING FAC	5700	228

NORFOLK VA NARF	235	A/C SURFACE FINISH F	8400	336
NORFOLK VA NAS	282	ACFT REWORK FAC	32000	1280
NORFOLK VA NAS	128	TRNG FAC	3400	136
NORFOLK VA NAVCAMS	54	ANTENNA MODULES	2600	104
NORFOLK VA NCS(H ROAD)	111	I-S/A AMPE	640	26
NORFOLK VA NETSC	851	TRAINING SUPPORT CEN	6900	276
NORFOLK VA NS	638	GENERAL SAFETY HAZAR	271	11
NORFOLK VA NS	834	ELEC PWR PIER	9000	360
NORFOLK VA NSC	192	FIRE PROT SYSTEM	2100	84
NORFOLK VA NSC	414	GENERAL WAREHOUSE	7800	312
NORFOLK VA NSC	823	COLD STORAGE PLANT	300	12
NORFOLK VA NSY	185	WATERFRONT ELEC DIST	9700	388
NORFOLK VA PWC	236	FUEL LINE	4000	160
NORFOLK VA PWC	822	STEAM & CONDENSATE	3100	124
NORFOLK VA PWC	251	REPAIR SHOP STORAGE	670	27
NORFOLK VA PWC	290	PEST CONTROL FAC	417	17
NORFOLK VA PWC	446	HAZ/FLAM MATERIAL FA	331	13
OCEANA VA NAS	451	A-6F AIMD ADDN	1400	56
OCEANA VA NAS	173	TRAINING ADDITION	2300	92
PANAMA CANAL NS	112	BULK POL SECURITY	1000	40
PANAMA CANAL NS	111	BULK POL SECURITY	500	20
ROOSEVELT ROAD PR NCS	031	COMM CENTER ADDN	700	28
ROTA SPAIN NAS	520	RRR	1700	68
ROTA SPAIN NAS	557	AVIATION PHYSICAL SE	2300	92
ROTA SPAIN NCS	572	OPS BLDG ADDN	1900	76
SABANA SECA PR NSGA	064	MAIN SUBSTATION	501	20
SABANA SECA PR NSGA	062	CONSOLIDATED MESS	880	35
SABANA SECA PR NSGA	061	CONTROL HUM WHSE	260	10
SIGONELL IT NAS	218	CORROSION CNTRL HANG	4650	186
SIGONELLA IT NCS	307	I-S/A AMPE FAC	2150	86
SIGONELLA IT NCS	305	RECEIVER FACILITY	740	30
ST MAWGAN UK NWF	804	OPS CENTER COMBINED	840	34
THURSO UK NCS	009	BEQ/GALLEY	4950	198
THURSO UK NCS	401	EHF SATCOM	1903	76
YORKTOWN VA NWS	708	GYM & THEATER	3300	132
YORKTOWN VA NWS	420	PHOENIX MISSILE MAG	2200	88
YORKTOWN VA NWS	415	TOMAHAWK MAGAZINE	4800	192
CAMP ELMORE VA MCCD	801	OPS CENTER	2600	104
CAMP LEJEUNE NC MCB	196	COMBAT VEH MAINT SHO	3350	134
CAMP LEJEUNE NC MCB	630	BEQ	16000	640
CAMP LEJEUNE NC MCB	644	ELEC/COMM MAINT SHOP	4100	164
CAMP LEJEUNE NC MCB	679	ELEC/COMM MAINT SHOP	3800	152
CAMP LEJEUNE NC MCB	804	FIELD MAINT COMPLEX	19000	760
CAMP LEJEUNE NC MCB	810	MECH TRNG BLDG	3050	122
CAMP LEJEUNE NC MCB	841	MESS HALL ADDN	1700	68
CAMP LEJEUNE NC MCB	842	RASC	5400	216
CAMP LEJEUNE NC MCB	853	VEH READY UELD STRG	2150	86
CAMP LEJEUNE NC MCB	065	GYM	2200	88
CAMP LEJEUNE NC MCB	881	COMBAT VEH MAINT FAC	6000	240
CAMP LEJEUNE NC MCB	888	COMB VEH MAINT SHOP	4100	164
CAMP LEJEUNE NC MCB	887	BRIDGES	3000	120
CHERRY POINT, NC MCB	005	RASC	5500	220
CHERRY POINT, NC MCB	011	ACFT FIRE/RESCUE EXP	920	37
CHERRY POINT, NC MCB	017	WATER TREATMENT PLAN	7600	304
CHERRY POINT, NC MCB	043	APPLIED INSTR BLDG	2600	104
CHERRY POINT, NC MCB	827	OPERS/MAINT FAC	4560	182
CHERRY POINT, NC MCB	883	OPERS TRAINING FAC	1450	58
CHERRY POINT, NC MCB	889	FLIGHT LINE SEC IMPR	3100	124
NEW RIVER NC MCAS	496	FLIGHT LINE SEC IMPR	2850	114
NEW RIVER NC MCAS	433	CORR CONTROL HANGAR	2700	108
NEW RIVER NC MCAS	506	AVIA ARMAMENT SHOPS	2050	82
NEW RIVER NC MCAS	520	OPNS TRAINER FAC	4800	192
NEW RIVER NC MCAS	525	APPLIED INST BLDG	5200	208
NEW RIVER NC MCAS	543	ACFT MAINT HANGAR AD	3000	120
NEW RIVER NC MCAS	505	OPERS MAINT FAC	510	20
BROOKLYN NY NPPSDO	001	PUBS & PRINTING OFFI	850	34
BRUNSWICK ME NAS	141	GSE FAC IMPROV	2430	97
BRUNSWICK ME NAS	158	MARINE BARRACKS	2554	102
BRUNSWICK ME NAVCLINBR	304	REPLACE APTU	2800	112
CRANE IN NWSC	243	ELECTRONIC TEST FAC	4300	172
CRANE IN NWSC	238	PEST CONTROL FAC	400	16
CRANE IN NWSC	256	FUZE MAINT FAC	1500	60
CRANE IN NWSC	217	LITHIUM BATTERY TEST	3000	120
CRANE IN NWSC	224	COMPONENT FINISH FAC	5200	208
EARLE NJ NWS	871	CHILD CARE CENTER	950	38
EARLE NJ NWS	847	FAMILY SERVICES CENT	480	19
GREAT LAKES IL NCORSCH	301	BEQ CORPS SCHOOL	12000	480
GREAT LAKES IL NCORSCH	302	MODERNIZE CORPS SCHO	1000	40
GREAT LAKES IL NTC	512	AIB EM/IM SCHOOL	12767	511
GREAT LAKES IL NTC	482	APPLIED INSTR BLDG	13999	560

GREAT LAKES IL PWC	544	STREET LIGHTS	5600		224
GREAT LAKES IL PWC	378	STORM SEWER SYS	642		26
GREAT LAKES IL PWC	538	UNDERGROUND CODE VIO	1050		42
GROTON CT LEGSVCOFF	410	LEGAL SERVICE OFFICE	1676		67
MECHANICSBURG PA SPCC	098	CAFETERIA MODN	410		16
MECHANICSBURG PA SPCC	106	CONV WHSE TO ADMIN	1000	:	40
NEW LONDON CT NSB	080	VEHICLE MAINT BLDG	2231		89
NEW LONDON CT NSB	414	MUNICIPAL SEWER CONN	385		15
NEW LONDON CT NSB	169	BEQ	11000		440
NEW LONDON CT NUSC	105	SUB E-M LAB	8700		348
NEWPORT RI NAVDAF	310	DATA PROCESSING CENT	5500		220
NEWPORT RI NETC	332	BRIG MODN	3115		125
NEWPORT RI NETC	393	SIMA EXPANSION	11000		440
NEWPORT RI NUSC	034	SEALANCE SUPPORT FAC	4067		163
NEWPORT RI NETC	391	SMALL CRAFT BERTH	8300		332
PHILADELPHIA PA NS	521	BRIG MOD	3000		120
PHILADELPHIA PA NSY	577	LIGHTING	500		20
PHILADELPHIA PA NSY	576	SECURITY LIGHTS	800		32
NEW YORK NY NS	054	COMMUNITY SERV CTR	14200		568
NEW YORK NY NS	055	BATTLESHIP SUPT COMP	13330		533
NEW YORK NY NS	091	CARE CTR	2500		100
NEW YORK NY NS	061	PHY FITNESS CTR	4300		172
NEW YORK NY NS	055	POLICE STATION	1900		76
NEW YORK NY NS	999	O&SI	1500		60
NEW YORK NY NS	053	PUBLIC WORKS	3130		125
GARDEN CITY NY DISTHQ	001	BLDG & PHY IMPROV	373		15
WARMINSTER PA NADC	163	AIRCRAFT TECH LAB	11230		449
ATSUGI JP NAF	095	ACFT MAINT HANGAR	11600		464
ATSUGI JP NAF	120	FIRE PROTECTION SYST	6000		240
CP COVINGTON GUAM MCB	378	MESS HALL	4200		168
DIEGO GARCIA NCS	074	MAINT/STRG/ADMIN	2150		86
GUAM AGANA NAS	183	AIRFIELD LIGHTING SY	6900		276
GUAM MI NAVCAMS	218	FIRE PROTECTION BLDG	750		30
GUAM MI NAVCAMS	214	FIRE PROT SYSTEM	700		28
GUAM MI NCS	001	ASHORE COMM MILCON	26041		1042
GUAM MI NCS	225	ROTHR FACILITIES	26041		1042
GUAM MI NH	052	VENT SAFETY IMP	240		10
GUAM MI NM	809	MISSILE MAGAZINE	8200		328
GUAM MI NSD	116	DATA PROCESS SERVICE	4550		182
GUAM MI NSGD	XXX	CLASSIC WIZARD	800		32
GUAM MI PWC	142	SEWERAGE SYSTEM	4100		164
GUAM PWC	126	FLEET PORTABLE WATER	1800		72
HAROLD HOLT AUST NCS	205	FIRE PROTECTION BLDG	430		17
LUALUALEI HI NM	114	SECURITY PERIMETER F	1200		48
PEARL HARBOR HI NS	405	WHARF FENDERS	4000		160
PEARL HARBOR HI NSB	097	RECONSTRUCT PIER S8-	10200		408
PEARL HARBOR HI NSB	006	SMALL CRAFT BERTHING	2100		84
PEARL HARBOR HI NSC	123	WHSE FIRE PROTECTION	1880		75
PEARL HARBOR HI NSTCP	21	FIRE FIGHTING TRAINE	3495		140
PEARL HARBOR HI PWC	455	ELEC DIST	18700		748
PEARL HARBOR HI PWC	504	TRANSP MAINT FAC	6850		274
PEARL HARBOR HI PWC	464	EMER DIESEL GENERATI	671		27
PEARL HARBOR HI SIMA	001	SIMA IMPROV	6700		268
SAN MIGUEL RP NCS	975	I-E/A AMPE	3000		120
SUBIC BAY RP NLSO	679	NLSO BLDG	2400		96
SUBIC BAY RP NM	138	AMMO REWORK SHOP	2400		96
SUBIC BAY RP NM	160	MSL COMP BLDG	1400		56
SUBIC BAY RP NM	403	WATERFRONT TRANSIT S	1250		50
SUBIC BAY RP NM	981	ORDANCE OPS BLDG	9000		360
SUBIC BAY RP NM	405	AMMO SEGREGATION FAC	1800		72
SUBIC BAY RP NS	600	WATERFRONT SECURITY	370		15
SUBIC BAY RP NS	788	LEYTE WHARF UTILS	5700	:	228
SUBIC BAY RP NSD	259	COLD STRG WAREHOUSE	5800		232
SUBIC BAY RP NSRF	700	PHY SEC	800		32
SUBIC BAY RP NSRF	817	ELEC SUBSTATION	6700		268
SUBIC BAY RP PWC	879	FACILITY ENERGY IMPR	2250		90
SUBIC BAY RP PWC	951	POWER PLANT PH-II	9300		372
SUBIC BAY RP PWC	949	FLEET SUPPORT TRANSP	6100		244
SUBIC BAY RP PWC	607	MAINT STORAGE	920		37
YOKOSUKA JP NCS	181	FLT OPCON CENTER	21524		861
CAMP BUTLER JA MCB	864	BOQ/BEQ UPGRADE	8600		344
CAMP BUTLER JA MCB	883	BN EQTRS	3000		120
CAMP BUTLER JA MCB	890	GYM	2350		94
CAMP BUTLER JA MCB	894	BN/BT HQ CON	1349		54
CAMP BUTLER JA MCB	896	COMM MAINT SHOP	528		21
CAMP BUTLER JA MCB	900	CAST TRAINER	2180		87
CAMP BUTLER JA MCB	908	PAINTING FAC	2400		96
CAMP SMITH IH	091	SMALL ARMS RANGE	2100		84
FUTENMA JA MCAS	892	MAINT HANGAR ADDNS	970		39
IWAKUNI JA MCAS	809	HANGAR CONV	1970		79

IWAKUNI JA MCAS	840	WPNS ASSEMBLY	510	20
IWAKUNI JA MCAS	845	FIRE STAT	243	10
KANEOHE BAY HI MCAS	285	AUTO MAINT FAC	1400	56
KANEOHE BAY HI MCAS	541	ACFT RINSE FAC	1280	51
KANEOHE BAY HI MCAS	622	MESS HALL CONSOL	9000	360
KANEOHE BAY HI MCAS	627	PAINTING FAC	1500	60
BAY ST LOUIS MS NOCF	001	OCEANOGRAPHY BLDG	1700	68
CHARLESTON SC NFEC	888	MANAGEMENT BLDG	6410	256
CHARLESTON SC NS	716	FIRE STATION	500	20
CHARLESTON SC NS	699	OPS STORAGE BLDG	1100	44
CHARLESTON SC NS	646	FLEET SUPPORT CENTER	4500	180
CHARLESTON SC NS	814	OUTDOOR SMALL ARMS R	1300	52
CHARLESTON SC NSC	131	LUMBER STORAGE FAC	2200	88
CHARLESTON SC NWS	823	SEA LANCE ASSEMBLY B	6011	240
CHASE FIELD TX NAS	214	WATER DIST SYS	1650	66
CORPUS CHRISTI TX NAS	270	A/F LIGHTING	1750	70
CORPUS CHRISTI TX NAS	256	CORROSION CONT FAC	300	12
GALVESTON TX NS	028	SUPPORT BLDG	2310	92
GULFPORT MS NCBC	722	OPEN STORAGE	341	14
GULFPORT MS NCTC	716	AIB CONST ELEC	1300	52
HOMESTEAD FL NSGA	003	OPS BLDG ADDN	600	24
INGLESIDE TX NS	026	SHIP SUPT COMPLEX II	17650	706
JACKSONVILLE FL NAS	487	BEQ	11700	468
JACKSONVILLE FL NAS	161	BUILDING ADDN	5500	220
JACKSONVILLE FL NSC	760	COLD STORAGE ADDN	790	32
KEY WEST FL NAS	620	EODMU OPS FAC	4100	164
KINGS BAY GA NSB	905	CIA	3868	155
KINGS BAY GA NSB	255	BEQ	5338	214
KINGS BAY GA NSB	204	PRINTING PLANT	1714	69
KINGS BAY GA NSB	267	MISSILE MOTOR MAGAZI	7714	309
KINGS BAY GA NSB	226	INDOOR POOL	1838	74
KINGS BAY GA NSB	169	MAGNETIC SILENCING F	18028	721
KINGS BAY GA NSB	364	EXPLOSIVE HANDLING	48658	1946
KINGS BAY GA NSB	414	SWS TRAINING FAC	10202	408
KINGS BAY GA NSB	252	PW STORAGE	458	18
KINGS BAY GA NSB	228	UTILITIES & SITE IMP	2801	112
KINGSVILLE TX NAS	206	ELEC DIST SYS REPL	1300	52
KINGSVILLE TX NAS	236	CORROSION CONTROL HA	2840	114
LAKE CHARLES LA NS	014	PLAYING FIELD & COUR	400	16
LAKE CHARLES LA NS	013	GYM	1000	40
LAKE CHARLES LA NS	015	RECREATION BLDG	800	32
MAYPORT FL FTC	168	F/F FAC	3950	158
MAYPORT FL NS	124	DREDGE SPOIL HNDL FA	5300	212
MAYPORT FL NS	830	WATER STORAGE TANKS	2550	102
MEMPHIS TN NAS	184	FAMILY SERVICES CENT	1200	48
MEMPHIS TN NAS	018	ACCESS ROADS	1570	63
MEMPHIS TN NAS	011	F/F ACFT FIREARESCUE	1600	64
MERIDIAN MS NAS	266	T-45 FACS	4000	160
MERIDIAN MS NAS	254	FACILITY ENERGY IMPR	450	18
MOBILE AL NS	020	SUPPORT COMPLEX III	3900	156
MOBILE AL NS	021	MAGAZINES	950	38
NEW ORLEANS LA NSA	074	I-S/A AMPE FAC	1750	70
ORLANDO FL NCRUITCOM	206	RECRUIT INST BLDG	3600	144
ORLANDO FL NTC	186	PASS OFFICE	3008	120
ORLANDO FL NTC	240	GALLEY	8200	328
PANAMA CITY FL NCSC	301	RESEARCH LAB	4811	192
PASCAGOULA MS NS	023	SUPPORT BLDG	2000	80
PASCAGOULA MS NSA	002	BEQ ALTERATIONS	3000	120
PENSACOLA FL NARF	513	COMPONENTS REWORK FA	11000	440
PENSACOLA FL NAS	616	HVAC	470	19
PENSACOLA FL NAS	271	COLD STORAGE WHSE	2800	112
PENSACOLA FL NAS	617	FACILITY ENERGY IMPR	550	22
PENSACOLA FL NAS	629	SHIP SUPT COMPLEX	1180	47
PENSACOLA FL NAS	568	REPL SURVIVAL TRNG	2100	84
PENSACOLA FL NH	605	BEQ	1950	78
PENSACOLA FL NTTC	116	CHILD CARE CENTER	1000	40
PENSACOLA FL PWC	109	SEWER SYSTEM	2100	84
PENSACOLA FL PWC	106	STORAGE FAC	460	18
TINKER AFB OK	090	AIRCRAFT SUPPORT FAC	15000	600
WHITING FIELD FL NAS	201	RUNWAY IMPROV	2150	86
WHITING FIELD FL NAS	214	CORROSION CONT FAC	1450	58
ALBANY GA MCLB	305	CLEANING FAC	3948	156
ALBANY GA MCLB	705	CHILD CARE CTR	250	10
BEAUFORT SC MCAS	366	BEQ	5800	232
BEAUFORT SC MCAS	375	ACFT PARKING APRON	1450	58
PARRIS IS SC MCRD	310	CHILD CARE CENTER	1350	54
PARRIS IS SC MCRD	018	BAT OPS CTR	1900	76
PARRIS IS SC MCRD	322	MESS HALL	5400	216
ADAK AK NAS	026	MAG W/INERT STOREHOU	3250	130
ADAK AK NAS	931	BEQ ADDITION	8700	348

ADAK AK NAS	947	EROSION CONTROL	500	20
ADAK AK NSGA	XXX	CLASSIC WIZARD	3800	152
ADAK AK NSGA	058	GALLEY IMPROV	2050	82
ALAMEDA CA NAVF	724	HVAC	3800	152
BANGOR WA NSB	938	TRNG FAC ADDN	7325	293
BANGOR WA NSB	814	VMPB #2	391	16
BANGOR WA NSB	035	BOQ ADDITION	2350	94
BANGOR WA NSB	077	CHILD CARE CENTER	781	31
BANGOR WA NSB	062	MESS HALL	7800	312
BANGOR WA NSB	060	DRYDOCK STORAGE	2104	84
BANGOR WA NSB	941	REMOTE AREA MAGAZINE	3162	126
BANGOR WA NSB	022	WATERFRONT OPS BLDG	1850	74
BANGOR WA NSB	939	MISSILE ASSEMBLY BLD	3781	151
BANGOR WA NSB	023	RUBBER PLASTIC SHOP	6000	240
BANGOR WA NSB	808	UTILITIES & SITE IMP	6067	243
BANGOR WA NSB	807	RAD INSPECTION BLDG	14571	583
BANGOR WA NSB	806	ENGINEERING SVCS BLD	2533	101
BANGOR WA NSB	809	MOTOR INSPECTION BLD	6087	243
BANGOR WA REFITFAC	040	SUPPLY COMPLEX	13812	552
BANGOR WA REFITFAC	031	ADP SUPPORT BLDG	1934	77
BANGOR WA REFITFAC	057	CONSTRUCT CRANE TRAC	513	21
BREMERTON WA NH	016	BEQ	1502	60
CAMP PENDLETON CA MCB	805	SEWAGE PLANT	220	9
CHINA LAKE CA NWC	356	CHILD CARE CENTER	2800	112
CHINA LAKE CA NWC	368	MISSILE NAVIG DEV LA	8714	349
CONCORD CA NWS	270	TOMAHAWK MAGAZINE	2700	108
CONCORD CA NWS	271	GUIDED MISSILE FAC	980	39
CONCORD CA NWS	194	WATER TANK REPLACEME	3500	140
CORONADO CA NAB	137	ARMORIES	2000	80
CORONADO CA NAB	144	PIER	4100	164
CORONADO CA NAB	956	BEQ	4500	180
CORONADO CA NAB	150	SPECRON OPS/ADMIN	7400	296
CORONADO CA NAB	142	AOB OPS	2700	108
CORONADO CA NAB	015	OPERATIONAL STRG WHS	3550	142
CORONADO CA NAVPHIBSE	187	COLDS PIERS	1750	70
CORONADO CA NAVPHIBSE	186	COLDS TRAINING FAC	2000	80
CORONADO CA PHIBSCOL	147	DIVER SCOL	7400	296
EL CENTRO CA NAF	020	BEQ	7600	304
EVERETT WA NS	045	SIMA	14500	580
EVERETT WA NS	118	FIELD HOUSE	8400	336
EVERETT WA NS	130	O&SI	3580	143
EVERETT WA NS	904	LAND ACQU	9100	364
EVERETT WA NS	990	CARRIER SUPT COMPLEX	43880	1755
EVERETT WA NS	990	BEQ	17400	696
KEYPORT WA NUWES	086	PIERS FIRE PROTECTIO	810	32
KEYPORT WA NUWES	313	RANGE OPS BLDG	760	30
KEYPORT WA NUWES	752	BARRACKS REHAB	1500	60
KEYPORT WA NUWES	298	SP & P MAGAZINES	12600	504
KEYPORT WA NUWES	320	TOMAHAWK MAGS	3200	128
LONG BEACH CA NS	207	UPGRADE PIER	4700	188
LONG BEACH CA NS	179	PIER EXTENSION	24000	960
LONG BEACH CA NS	150	WATERFRONT BRIG	5300	212
MARE IS CA NSY	250	FIRE STATION	2500	100
MARE ISLAND CA NSY	281	BLDG ADDITION	6200	248
MOFFETT FLD CA NAS	161	FIRE PROT HANGAR	11800	472
MONTEREY CA FNOC	5	COMPUTER CENTER ADD	1502	60
MONTEREY CA NPGS	97	LIBRARY ADDN	8700	348
MONTEREY CA NPGS	129	SEISMIC UPGRADE	3406	136
MONTEREY CA NPGS	146	PW COMPLEX	4200	168
NORTH IS CA NAS	608	FLIGHTLINE PHYSICAL	4100	164
NORTH IS CA NAS	573	AMMO MAGAZINE	1000	40
NORTH ISLAND CA NAS	999	SEALANCE MAGAZINE	2107	84
OAKLAND CA NH	505	REPLACE C SCHOOL	5000	200
OAKLAND CA NH	128	BEQ	4000	160
OAKLAND CA NSC	87	LOGISTICS CENTER	1400	56
OAKLAND CA NSC	80	PIER FIRE PROTECTION	1250	50
PORT HUENEME CA NCBC	381	WAR RESERVES WAREHOU	3900	156
PORT HUENEME CA NCBC	474	ELEC DIST	12147	486
PORT HUENEME CA NCBC	395	ABRASIVE BLAST	4400	176
PORT HUENEME CA NCBC	319	WAREHOUSE POWER	6932	277
PORT HUENEME CA NCBC	446	BATTALION HEADQUARTE	2500	100
PORT HUENEME CA NCBC	422	FLAM STORAGE FAC	4100	164
PORT HUENEME CA NCTC	432	VEH TRNG STRG FAC	1200	48
PORT HUENEME CA NCTC	435	TRNG MANAGEMENT STRG	4400	176
PORT HUENEME CA NSWES	12	ENGR MGMT BLDG	12400	496
PUGET SND WA NSY	233	HAZ/FLAM MATERIAL WH	13000	520
PUGET SND WA NSY	221	PURE WATER TO PIER	5	0
PUGET SND WA NSY	620	INDUST SUPPT COMPLEX	19000	760
PUGET SOUND WA NRS(JC)	70	ELEC POWER IMPROV	1200	48

PUGET SOUND WA NSC	81	SECURITY BLDG	880	27
PUGET SOUND WA NSC	233	HAZ MATL & HANDL FAC	6600	264
SAN DIEGO	NSC	68	1600	64
SAN DIEGO CA FASWT	228	AIB SONAR TRNG BLDG	2100	84
SAN DIEGO CA FCTC	33	REQ & MESS	13000	520
SAN DIEGO CA FCTC	34	COMBAT DF	600	24
SAN DIEGO CA FCTC	30	AIB COMBAT WEAPONS S	3700	148
SAN DIEGO CA FITCPAC	1	BLDG EXPANSION	3013	121
SAN DIEGO CA NOSC	90	PHYSICS LAB	1300	52
SAN DIEGO CA NS	109	CHILD CARE CENTER	1000	40
SAN DIEGO CA NSB	92	OILY WASTE RECOVERY	548	22
SAN DIEGO CA NSB	91	WATER DIST	259	10
SAN DIEGO CA NSB	95	REQ	19124	765
SAN DIEGO CA NSB	54	WAREHOUSE FACILITY	1742	70
SAN DIEGO CA NSB	90	POLICE STATION	880	35
SAN DIEGO CA NSB	69	RAILROAD TRACK KKLOC	2600	104
SAN DIEGO CA NSC	3	WHSE FIRE PROTECTION	2400	96
SAN DIEGO CA NSC	41	FIRE PROT WAREHOUSE	3200	128
SAN DIEGO CA NSC	50	OIL SPILL	2750	110
SAN DIEGO CA NSC	66	MAINT FACILITY	1600	64
SAN DIEGO CA NSC	349	CHILD CARE CENTER	2000	80
SAN DIEGO CA NTC	238	PASS OFFICE	2227	89
SAN DIEGO CA PSA	149	STEAMLINE	3300	132
SAN DIEGO CA PWC	72	PWC SHOP	9600	384
SAN DIEGO CA PWC	77	STORAGE FAC	830	33
SAN DIEGO CA PWC	123	HAZARDOUS WASTE STRG	1905	76
SAN DIEGO CA PWC	201	KLEC DIST	21000	840
SAN FRANCISCO CA NARDC	4	DATA PROCESSING CENT	13500	540
SAN FRANCISCO CA PWC	82	KLEVATOR FOR HANDICA	250	10
SAN FRANCISCO CA PWC	54	SEWERAGE SYSTEM	6300	252
SAN FRANCISCO CA PWC	61	MAINT SHOPS	13400	536
SAN FRANCISCO CA PWC	71	WATER SUPPLY	3250	130
SEAL BEACH CA NWS	171	WEAPONS TEST KVAL FA	8800	352
SEAL BEACH CA NWS	155	CONTAINER STRG FAC	2000	80
SEAL BEACH CA NWS	129	TOMAHAWK MAGAZINE	2500	100
SEAL BEACH CA NWS	143	HARM MISSILE MAGAZIN	9600	384
SEAL BEACH CA NWS	156	MISSILE CONTAINER ST	790	32
SEAL BEACH CA NWS	137	STD MISSILE MAGAZINE	7200	288
SEATTLE WA NS	990	REQ/GALLEY	55400	2216
TREASURE IS CA NS	907	SUPPORT COMPLEX	30500	1220
TREASURE IS CA NS	701	PIER EXTENSION	15000	600
TREASURE IS CA NTTC	802	TRAINING FACILITY	8000	320
VALLEJO CA MESEC	27	KLECTRONICS SUPT FAC	6400	256
WHIDBEY IS WA NAS	7	KXPLACE APTU	2404	96
WHIDBEY IS WA NAS	85	TRAINING BUILDING	2500	100
BARSTOW CA MCLB	102	FREIGHT OPS FAC	1800	72
BARSTOW CA MCLB	655	PAINTING FAC	6000	240
CAPM PENDLETON CA MCAS	374	GROUP HQTRS	1850	74
CAPM PENDLETON CA MCAS	557	FLIGHT LINE SEC IMPS	1350	54
CAPM PENDLETON CA MCAS	584	CONST/MT HANDLING SH	4950	198
CAMP PENDLETON CA MCB	356	TRNG SUPPORT CTR	6160	246
CAMP PENDLETON CA MCB	623	TACT COMP SUPT FAC	1170	47
CAMP PENDLETON CA MCB	763	CAST	2760	110
CAMP PENDLETON CA MCB	849	OPS SUPT FACS	2720	109
CAMP PENDLETON CA MCB	904	TACT VEH MAINT FAC	7500	300
CAMP PENDLETON CA MCB	917	TACT VEH MAINT FAC	10500	420
CAMP PENDLETON CA MCB	923	REQ	18000	720
CAMP PENDLETON CA MCB	962	AIR DKF SUPT COMPLKX	8100	324
CAMP PENDLETON CA MCB	977	MESSHALL	4560	182
CAMP PENDLETON CA MCB	987	TACT SYS TEST SUPT C	4850	194
EL TORO CA MCAS	341	HAZ/FLAM STOR	2200	88
EL TORO CA MCAS	381	RASC	4200	168
EL TORO CA MCAS	393	MAINT HANGAR ADDN	3700	148
EL TORO CA MCAS	444	POL OPS BLDG	290	12
EL TORO CA MCAS	576	FIXED ACFT START SYS	720	29
EL TORO CA MCAS	593	FLIGHT SIM	3600	144
SAN DIEGO CA MCRD	188	REC ISSUE SERV CTR	9900	396
TUSTIN CA MCAS	058	GYM	2600	104
TUSTIN CA MCAS	160	AFT OPS BLD	1200	48
TUSTIN CA MCAS	206	FAM SER CTR	480	19
TUSTIN CA MCAS	253	FLTGHT LINE IMPS	2160	86
TUSTIN CA MCAS	271	ACFT PARKING	10000	400
TWENTYNINE PALMS CA	461	COMM/KLEC MAINT FAC	1300	52
YUMA AZ MCAS	060	ARMING DKARMING PADS	1530	61
YUMA AZ MCAS	207	WHLS VAVE OFF FAC	670	27
YUMA AZ MCAS	346	ORD STRG MAGS	4000	160
YUMA AZ MCAS	437	CHILD C CTR	1000	40
YUMA AZ MCAS	438	POWER CHECK PADS	1610	64
YUMA AZ MCAS	439	LAND	2000	80
YUMA AZ MCAS	442	ACFT MAINT HANGAR	12600	504

DEPARTMENT OF THE AIR FORCE
FY 89 MILCON Program Planning & Design Fund Project List
Projects for which final design is planned to be obligated in FY 1988

FY 89

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
ALABAMA					
GUNTER	PRECISION MEASUR EQU	7,200	SF	1,100	184
GUNTER	VISITING OFFICER QUA	50	PN	2,150	218
GUNTER	CONSOLIDATED SUPPORT	29,300	SF	3,850	355
GUNTER	SECURITY POLICE OPS	11,400	SF	1,500	124
MAXWELL	ALT SOS STUDENT QUAR	164	PN	2,250	154
MAXWELL	FIRE STATION	15,300	SF	1,650	172
MAXWELL	BASE CIVIL ENGINEERI	94,900	SF	7,300	542
MAXWELL	ADAL ACADEMIC FACILI	33,000	SF	3,000	289
ALASKA					
ALASKA VAR LO	ALASKAN OTH-B POWER	10,000	KW	37,750	1,500
EIELSON	SQUADRON OPERATIONS	22,000	SF	5,300	398
EIELSON	UPGRADE QUARRY HILL		LS	7,900	250
EIELSON	BASE CIVIL ENGINEERI	16,400	SF	3,600	270
EIELSON	ALT UNACC ENL PERS H	114	PN	2,750	157
EIELSON	SUPPLY COMPLEX	160,000	SF	19,500	940
ELMENDORF	OTH-B OPERATIONS BUI	33,500	SF	18,000	900
ELMENDORF	FIRE PIT & RESCUE TR		LS	2,350	244
ELMENDORF	DIESEL MAINTENANCE S	25,200	SF	1,500	141
ELMENDORF	ACFT SUPPORT EQUIP S	4,000	SF	790	75
SHEMYA	ADD/ALTER CHAPEL		LS	1,950	120
SHEMYA	ADAL BASE CIVIL ENGR		LS	7,600	489
SHEMYA	ADAL ACFT SUPT EQUIP		LS	2,850	240
SHEMYA	COMPOSITE RECREATION	28,300	SF	10,000	575
SHEMYA	ADDITION TO FIRE STA	2,400	SF	910	150
ARIZONA					
DAVIS-MONTHAN	TROOP SUBSISTENCE WA	6,100	SF	720	89
LUKE	WING HEADQUARTERS	12,500	SF	1,550	130
LUKE	F-16 FIELD TRNG DETA	28,000	SF	3,400	290
WILLIAMS	ADD TO ACFT MAINTENA	21,000	SF	1,950	113
ARKANSAS					
BLYTHEVILLE	CONSOL MISSION OPERA	51,000	SF	5,900	371
LITTLE ROCK	ADAL EXPLOSIVES DISP	5,180	SF	400	60
CALIFORNIA					
BEALE	UNACCOMP ENLISTED PE	250	PN	5,100	382
BEALE	ADAL POWER PLANT-PAV		LS	8,900	542
CASTLE	UNACCOMP ENLISTED PE	500	PN	9,200	443
CASTLE	ADAL JET FUEL STOR &		LS	9,300	1,000
CASTLE	AIRCRAFT SECURITY LI	70	EA	480	36
EDWARDS	ADAL FLT TEST MISSIO		LS	5,300	693
EDWARDS	ALT AUDIOVISUAL SERV	42,500	SF	4,700	312
EDWARDS	CORROSION CONTROL FA	30,300	SF	5,800	360
GEORGE	REPL RUNWAY AND UPGR	167,500	SY	16,500	743
GEORGE	ACFT MAINT AREA LIGH		LS	550	68
GEORGE	ADAL PERIMETER FENCE	52,800	LF	2,400	236
GEORGE	FLYING TRAINING FAC	21,500	SF	2,900	285
MARCH	ADAL UNACCOMP ENLIST	204	PN	3,900	589
MARCH	EXPANDED CLEAR ZONE	46	AC	750	56
MATHER	SECURITY IMPROVEMENT		LS	440	60
MCCLELLAN	ENGINE MAINTENANC FAC	92,000	SF	8,451	358
MCCLELLAN	FIRE SPRINKLER SYSTE		LS	2,400	219
MCCLELLAN	VEHICLE REFUELING ST		LS	880	105
ONIZUKA	SATELLITE OPS AND SU	7,200	SF	800	60
ONIZUKA	STATION POWER DISTRI		LS	8,170	613
VANDENBERG	TITAN IV LAUNCH PAD		LS	30,000	2,250
VANDENBERG	VEHICLE MAINTENANCE	47,000	SF	6,200	422
COLORADO					
BUCLKEY	ADAL AEROSPACE DATA		LS	18,500	1,388
BUCKLEY	UPGR EMERGENCY POWER		LS	6,100	392
FALCON	FIRE STATION	6,400	LS	1,000	75
NORAD	NORAD COMMAND POST	6,400	SF	6,400	480
NORAD	HARDENED COMMUNICATI	1,000	SF	3,200	240
PETERSON	SP OPERAT INTELL CEN	25,000	SF	7,300	276
PETERSON	ADAL PHYSICAL FITNES	39,500	SF	3,700	122
PETERSON	FIRE TRAINING AREA		LS	1,200	90
USAF ACADEMY	UNACCOMP ENLISTED PE	192	PN	3,300	173
USAF ACADEMY	ADAL BASE CIVIL ENGR	18,100	SF	990	163
USAF ACADEMY	ADAL COMMUNITY CENTE	15,200	SF	1,750	158
USAF ACADEMY	ADAL CADET HOUSING	96	PN	4,300	323
DELAWARE					
DOVER	ADD TO APRON	44,700	SY	3,800	136

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
FLORIDA					
AVON PARK	UNACCOMP ENLISTED PE	32	PN	660	118
CAPE CANAVERA	ADAL MAIN SEWAGE PLA		LS	380	34
CAPE CANAVERA	TEST OPERATIONS CONT	136,000	SF	19,000	1,417
CAPE CANAVERA	BERTHING WHARF	600	FB	7,800	621
EGLIN	SQUADRON OPS FAC	11,500	SF	1,300	98
EGLIN	ADAL CORROSION CONTR		LS	1,800	169
EGLIN	ALTER UNACC ENL PERS	596	PN	8,000	600
EGLIN AUX 9	COMBAT CONTROL TEAM	14,800	SF	1,300	152
EGLIN AUX 9	ADD TO VEHICLE MAINT	18,200	SF	950	71
EGLIN AUX 9	UNACCOMP ENLISTED PE	256	PN	4,100	337
EGLIN AUX 9	ADD TO PARKING APRON	37,400	SF	3,100	232
EGLIN AUX 9	SOF SIMULATOR FAC	23,400	SF	4,600	345
EGLIN AUX 9	UNACC ENLISTED PER	300	PN	4,200	315
HOMESTEAD	ALERT SHELTER COMPLE		LS	6,600	436
HOMESTEAD	FLIGHTLINE SECURITY		LS	380	61
MACDILL	ALT UNACCOMP ENLISTE	408	PN	3,500	361
MACDILL	FLIGHTLINE SECURITY		LS	380	70
MACDILL	BASE CONTRACTING FAC	12,700	SF	1,350	218
PATRICK	ARM/DISARM PAD	6,700	SY	550	45
TYNDALL	BASE SUPPLY COMPLEX	100,900	SF	6,200	466
GEORGIA					
MOODY	ALT UNACC ENL PERS H	754	PN	4,150	214
ROBINS	ACFT CORROSION CONTR	63,500	SF	11,200	554
ROBINS	ADAL ENGINEERING TES	74,760	SF	7,600	649
ROBINS	ADAL WEAPONS SYSTEMS	328,800	SF	10,200	803
HAWAII					
HICKAM	MUNITIONS MAINT & ST	15,800	SF	3,250	260
HICKAM	JET FUEL STORAGE (JP	100,000	BL	4,200	225
IDAHO					
MOUNTAIN HOME	E W OPERATIONS & MAI	5,900	SF	1,300	120
ILLINOIS					
CHANUTE	MEDICAL WRM FACILITY	3,340	SF	340	75
CHANUTE	ALT STUDENT ENLISTED	550	PN	6,100	360
SCOTT	RAPCON FACILITY	6,000	SF	1,150	148
SCOTT	IN-FLIGHT KITCHEN	2,750	SF	630	90
KANSAS					
MCCONNELL	B-1B-PWR CHECK PAD W		LS	3,050	229
LOUISIANA					
BARKSDALE	UNACCOM ENLISTED PER	416	PN	6,700	320
ENGLAND	ADAL ACFT CORROS CNT	18,600	SF	3,200	172
MAINE					
LORING	CONTROL TOWER CAB		LS	500	38
LORING	SECURITY IMPROVEMENT		LS	1,550	105
LORING	ALTER HEAD COMM POST		LS	1,500	110
MARYLAND					
ANDREWS	AUTOMOTIVE SUPPORT F	38,600	SF	3,900	364
ANDREWS	PRECIS MEASUREMENT E	8,500	SF	1,550	175
MASSACHUSETTS					
HANSCOM	SYS MANAGE ENGIN FAC	101,500	SF	11,400	1,269
MICHIGAN					
WURTSMITH	ALERT ACFT SECURITY		LS	3,650	274
WURTSMITH	KC-135-CPT SUPPORT F	3,350	SF	850	104
WURTSMITH	ADAL CENTRAL HEAT PL		LS	5,700	510
WURTSMITH	ALERT TAXIWAY BARRIE		LS	640	39
MISSISSIPPI					
COLUMBUS	MISSION SUPPORT COMP	26,900	SF	3,000	292
KEESLER	ADAL DATA AUTOMATION	21,150	SF	2,650	211
KEESLER	SECURITY POLICE OPER	18,800	SF	2,200	136
MISSOURI					
WHITEMAN	CONSOL MISL WG MAINT	38,900	SF	4,800	360
NEBRASKA					
OFFUTT	PHYSIOLOGICAL TRAINI	12,200	SF	2,450	138
NEVADA					
INDIAN SPRING	MUNITIONS LOADING/RE		LS	2,500	246
NELLIS	SECURITY FENCING-FLI		LS	740	92
NEW HAMPSHIRE					
NEW BOSTON	EMERGENCY ELECTRIC P		LS	3,850	440
PEASE	ALTER ELECTRIC DISTR		LS	8,850	760
PEASE	ADAL COMBAT ARMS TRNG		LS	1,130	80
PEASE	SECURITY IMPROVEMENT		LS	1,150	88
NEW JERSEY					
MCGUIRE	SECURITY POLICE COMP	15,700	SF	2,450	338
MCGUIRE	ADAL COMMAND POST		LS	770	76
NEW MEXICO					
CANNON	ACFT FUEL SYSTEM MAI	18,000	SF	2,900	169

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
CANNON	PAVE TACK FACILITY	6,900	SF	980	146
HOLLOMAN	ALT UNACC ENL PERS H	192	PN	2,800	224
HOLLOMAN	FIRE STATION	5,700	SF	560	65
KIRTLAND	ALT UNACCOMP ENLISTE	408	PN	7,300	268
KIRTLAND	HIGH ENERGY RESEAR &	27,000	SF	10,000	661
NEW YORK					
GRIFFISS	ALERT TAXIWAY BARRIE		LS	1,100	93
GRIFFISS	ALERT ACFT SECURTIY		LS	3,650	254
NORTH CAROLINA					
POPE	ADAL PHYSICAL FITNES	48,900	SF	2,800	186
SEYMOUR-JOHNS	ADAL CORROSION CONTR	20,200	SF	2,950	270
NORTH DAKOTA					
GRAND FORKS	B-1B-WEAPNS LOAD CRE	10,000	SF	1,350	85
GRAND FORKS	ALERT TAXIWAY BARRIE		LS	500	38
GRAND FORKS	ALT UNACCOMP ENLISTE	160	PN	2,450	175
GRAND FORKS	SUPT EQMT STORAGE FA	8,000	SF	570	40
GRAND FORKS	B-1B-ADAL PARTS/EQMT	13,500	SF	2,050	129
GRAND FORKS	AIRCRAFT PARTS STORA	30,000	SF	2,000	125
GRAND FORKS	ALERT ACFT SECURITY		LS	3,150	236
GRAND FORKS	UNACC ENLISTED PERS	120	PN	2,400	180
GRAND FOLKS	OTH-B OPERATIONS BU	48,000	SF	10,000	840
MINOT	COMMUNICATIONS FACIL	36,000	SF	3,850	160
OHIO					
WRIGHT-PATTER	ADAL SPE OPS INTELL	75,400	SF	6,819	511
WRIGHT-PATTER	UPG AERO PROP LAB FU		LS	5,300	480
WRIGHT-PATTER	ADAL ACFT SYS ENG FA	76,000	SF	10,000	837
WRIGHT-PATTER	ADAL HQTRS COMMAND P	16,500	SF	1,600	183
OKLAHOMA					
TINKER	SECURITY POLICE OPER	10,300	SF	1,300	143
TINKER	JET FUEL STORAGE	110,000	BL	4,400	290
TINKER	ORGANIZ SUPPLY WHSE-	59,500	SF	3,400	275
TINKER	B-1B-AVIONICS FAC/LA		LS	11,600	812
TINKER	CONS FUEL CON TEST	150,000	SF	25,318	1,393
SOUTH DATOKA					
ELLSWORTH	B-1B-WEAPONS LOAD CR	10,000	SF	1,300	82
ELLSWORTH	ADD EAST-WEST STREET		LS	1,150	86
TENNESSEE					
ARNOLD	ALTER STEAM PLANT		LS	7,800	840
ARNOLD	LARGE ROCKET TEST FA	1	EA	182,600	13,600
ARNOLD	INDEP WIND TUNNEL DR		LS	19,000	1,558
TEXAS					
BERGSTROM	ACFT GEN PURP MAINT	40,500	SF	3,550	303
BERGSTROM	ADAL NAVAIDS SHOP	7,600	SF	1,050	84
CARSWELL	ADAL ALERT ACFT PARK		LS	3,350	268
CARSWELL	DINING HALL	23,300	SF	3,350	268
DYESS	AIRCRAFT CORROSION C	23,800	SF	4,350	339
DYESS	B-1B-ADAL ACFT MAINT	3,950	SF	500	40
DYESS	CONTROL TOWER	1	EA	2,500	236
DYESS	B-1B-DIVISION OPERAT	6,900	SF	910	73
GOODFELLOW	VEHICLE MAINTEN FAC	30,300	SF	2,350	139
KELLY	ADD TO HAZAR MATERIA	46,400	SF	3,550	192
KELLY	DEPOT WAREHOUSE	480,000	SF	20,000	564
KELLY	CORROSION CONTROL F	76,500	SF	9,000	500
LACKLAND	DINING HALL	23,000	SF	3,950	300
LACKLAND	ACADEMIC FAC	142,000	SF	12,000	900
LACKLAND	LOGISTICS COMPLEX	144,000	SF	8,000	640
LACKLAND	BACK-UP POWER PLANT		LS	2,200	176
LAUGHLIN	WATER STORAGE & TREA		LS	1,600	120
RANDOLPH	STUDENT OFFICER HOUS	80	PN	4,500	270
RANDOLPH	ALT TECH TRAINING MG	36,700	SF	1,700	152
REESE	ACFT MAINTENANCE HAN	57,000	SF	6,100	458
REESE	ADAL LIFE SUPT EQMT	10,350	SF	1,450	87
SHEPPARD	FUEL CELL REPAIR FAC	9,200	SF	1,100	71
SHEPPARD	STUDENT ENLISTED HOU	500	PN	10,000	593
UTAH					
HILL	NONDESTRUCTIVE INSPE	9,000	SF	2,000	162
HILL	COMBAT LOGISTICS SUP	32,000	SF	3,500	361
HILL	ADAL METAL PROCESSIN	17,700	SF	1,650	246
HILL	STAGE IV STORAGE FAC		LS	700	105
HILL	SOUND SUPPRESSOR SUP	1	EA	790	95
HILL	STAGE I, II AND III	35,400	SF	5,800	435
VIRGINIA					
FT MONROE	TACTICAL CONTROL FLI	21,600	SF	2,200	135
LANGLEY	VISITING OFFICERS QT	40	PN	1,340	88

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
BASE 57	KC-135R-UPGRADE BASE		LS	2,320	218
BASE 57	KC-135R-REL PUBLICAT	6,840	SF	630	51
BASE 57	KC-135R-RELOCATE PER	12,840	SF	1,050	73
BASE 57	KC-135R-RELOCATE BAS	15,000	SF	1,245	104
BASE 57	KC-135R-REL TRANS'T	3,000	SF	310	25
BASE 61	CM-WEAPONS STORAGE I	6	EA	7,400	555
BASE 61	CM-ADAL INTEGRATED M	40,000	SF	3,050	229
BASE 65	LANTIRN AVIONICS FAC		LS	800	99
BASE 68	LANTIRN AVIONICS FAC		LS	800	60
BASE 77	SPECIAL MISSION SUPP		LS	106,000	7,950
BASE 78	SPECIAL MISSION SUPP		LS	37,150	2,786
BASE 80	SPECIAL SUPPORT FACI		LS	987	74
BASE 82	SPECIAL ACTIVITY FAC		LS	2,900	218
BASE 83	FLIGHT SIM TRNG FAC	23,500	SF	5,100	382
BASE 90	STRATEGIC WARFARE C	27,500	SF	4,650	349
CLASSIFIED LO	NOTIONAL BASE CLOSUR		LS	48,300	3,622
CLASSIFIED LO	ADD TO COMMUNICATION	600	SF	750	93
CLASSIFIED LO	MILSTAR COMMUNICATIO	600	SF	550	41
CLASSIFIED LO	MILSTAR CMD COMMUN &	2,600	SF	4,000	300
CLASSIFIED LO	FLIGHT SIMULATOR TRA	23,500	SF	2,400	380
VARIOUS					
VARIOUS LOCAT	VARIOUS FACILITIES		LS	583	44
VARIOUS LOCAT	PEACE KEEPER-COE MI		LS	1,200	90
BELGIUM					
KLEINE BROGEL	ALTER MUNITIONS STOR		LS	1,600	93
GERMANY					
BASE 30	TR-1 OPERATIONS FACI	12,500	SF	1,150	69
BASE 30	TR-1 EQUIPMENT MAINT	18,000	SF	2,150	129
BITBURG	RRR EQUIPMENT STORAG	15,500	SF	1,050	63
BITBURG	ADAL AEROSP GROUND E	7,355	SF	509	38
EINSIEDLERHOF	ALT VISITING OFFICER	50	PN	1,550	182
HAHN	PASSIVE DEF EQUIP ST	14,000	SF	870	61
HAHN	ALT LAUNCH & RECOVER	60,700	SY	2,400	99
HAHN	REFUELING VEHICLE PA	10,200	SY	1,050	80
HAHN	RRR EQUIPMENT STORAG	15,500	SF	1,050	63
HAHN	ALTER MUNITIONS STOR		LS	8,400	504
HESSISCH OLDE	SECURITY POLICE OPS	5,500	SF	650	48
LAHR	CW PROTECT-SQUADRON	2,600	SF	1,450	44
NORVENICH	ALTER MUNITIONS STOR		LS	1,900	114
PRUEM	OPERATIONS FACILITY	6,200	SF	480	46
RAMSTEIN	SOLID STATE UNINTERR		LS	1,300	78
RAMSTEIN	PASS DEF EQUIP STORA	14,000	SF	960	67
RAMSTEIN	MUNITIONS TRAILER MA	8,800	SF	1,500	88
RAMSTEIN	ADAL CONSOL REC BAND		LS	3,850	250
RAMSTEIN	ADD TO LOGISTICS FAC	15,000	SF	1,350	98
RAMSTEIN	ADAL TELECOMMUNICAIO	1,900	SF	1,100	66
RAMSTEIN	RRR EQUIPMENT STORAG	15,500	SF	1,050	63
RHEIN MAIN	VEHICLE OPERATIONS F	8,400	SF	1,750	105
RHEIN MAIN	OPERATIONS COMMAND P		LS	2,650	279
RHEIN MAIN	AIRCRAFT PARKING	29,700	SY	2,150	159
RHEIN MAIN	ADAL SQUADRON OPS FA	12,000	SF	680	41
WASHINGTON					
FAIRCHILD	KC-135-CPT SUPPORT F	3,350	SF	910	102
FAIRCHILD	COMBAT ARMS TRNG & M		LS	1,050	90
FAIRCHILD	ADAL ALERT ACFT PARK	58,000	SY	4,350	175
FAIRCHILD	ADAL ALERT CREW SUPP	13,500	SF	2,700	210
FAIRCHILD	CRUISE MISSILE SUPPO		LS	4,700	408
MCCHORD	DINING HALL	16,800	SF	3,500	232
MCCHORD	ALTER UNACCOMP ENLIS	584	PN	9,000	399
WYOMING					
F.E. WARREN	PEACEKEEPER-MISSILE	60,000	SF	36,000	2,700
F.E. WARREN	PEACEKEEPER-RAILROAD	5	MI	5,200	390
F.E. WARREN	PEACEKEEPER-ROADS U		LS	2,100	158
F.E. WARREN	MISSILE OPERATIONS F	28,000	SF	4,000	300
CLASSIFIED					
BASE 35	F-16-ADAL FLIGHT SIM	8,700	SF	3,550	308
BASE 35	F-16-HYDRAZINE STOR	875	SF	260	61
BASE 35	F-16-ADAL JET ENG IN		LS	960	100
BASE 35	F-16-ADD TO AVIONICS		LS	1,200	148
BASE 40	MILSTAR COMMUNICATIO	9,460	SF	5,300	371
BASE 55	F-16-FUEL SYSTEM MAI	1	SP	850	105
BASE 55	F-16-BAK-12/14 ACFT		LS	1,400	137
BASE 55	F-16-SOUND SUPPRESSO	1	EA	750	93
BASE 55	F-16-COVERED AIRCRAF	622	SY	310	38
BASE 55	F-16-HYDRAZ STOR & S	600	SF	225	28
BASE 57	KC-135R-ADAL ACFT PA	10,000	SF	720	54
BASE 57	KC-135R-ALERT CREW S	4,000	SF	340	26
BASE 57	KC-135R-MISSION OPER	18,200	SF	1,350	101
BASE 57	KC-135R-ADAL PMEL AN	16,200	SF	1,800	135

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
RHEIN MAIN	ADD TO COMBAT CONTRO	7,150	SF	620	62
RHEIN MAIN	WIDEN ACFT TAXIWAY T	25,800	SY	2,450	147
SEMBACH	RRR EQUIPMENT STORAG	17,000	SF	1,150	69
SEMBACH	SECURITY POLICE OPER	13,000	SF	1,200	96
SEMBACH	OPERATIONS FACILITY	6,500	SF	1,000	60
SEMBACH	ALT LAUNCH & RECOVER		LS	4,700	282
SPANGDAHLEM	F-16-WEAPON SYSTEM M	28,800	SF	4,800	360
SPANGDAHLEM	SECURITY POL OPS FAC	9,500	SF	1,050	80
SPANGDAHLEM	POST OFFICE	10,900	SF	1,350	104
SPANGDAHLEM	COMBAT ARMS TRAINING	1,800	SF	550	33
SPANGDAHLEM	MUNITIONS STORAGE IG	16,000	SF	2,800	105
SPANGDAHLEM	PASSIVE DEF EQUIP ST	4,000	SF	320	22
SPANGDAHLEM	AIRCRAFT CORROSION C	13,500	SF	2,550	218
SPANGDAHLEM	FIELD TRAINING FAC	19,500	SF	1,600	202
WENIGERATH	ABGD MUNITIONS IGLOO	16,000	SF	1,850	111
ZWEIBRUCKEN	DIGITAL EUROPEAN BAC	2,050	SF	780	59
ZWEIBRUCKEN	RRR EQUIPMENT STORAG	17,000	SF	1,150	69
GREENLAND					
SONDRESTROM	ADD/ALTER FIRE STATI	13,100	SF	3,650	263
SONDRESTROM	SUPPLY STORAGE AREA	36,000	SF	1,900	231
THULE	THRESHOLD LIGHTING		LS	400	360
THULE	DESTRATIFICATION FAN	1	LS	1,130	305
CLARK	FLOW THROUGH SHELTER		LS	7,300	548
CLARK	SQUADRON OPERATIONS	27,000	SF	3,650	413
CLARK	UNACCOMP ENLISTED PE	416	PN	4,400	330
CLARK	ACFT OPERATIONAL APR	100,000	SY	4,950	371
CLARK	INTELLIGENCE FACILIT	6,000	SF	2,250	169
CLARK	SECURITY POLICE OPER	31,500	SF	3,550	266
CLARK	TELECOMMUNICATIONS F	9,000	SF	2,150	275
CLARK	MC-130H-HANGAR/NOSE	12,500	SF	1,750	131
CLARK	MC-130H - HYDRANT RE		LS	700	90
CLARK	HELICOPTER MAINT FAC	25,000	SF	3,200	240
PORTUGAL					
LAJES	SECURITY IMPROVEMENT		LS	650	60
LAJES	ALTER DINING HALL	15,100	SF	2,750	217
SPAIN					
HUMOSA	COMMERCIAL POWER	600	SF	600	30
TORREJON	AIRCRAFT MAINTENANCE	27,100	SF	2,250	155
TORREJON	ACFT CORR CONTROL FA	13,500	SF	1,850	117
TORREJON	LATERAL TXWY & HOT C	52,000	SY	1,900	122
ZARAGOZA	AEROSPACE SUPPORT EQ	16,000	SF	1,300	155
TURKEY					
INCIRLIK	JP-4 FUEL STORAGE		LS	7,800	686
INCIRLIK	T-9 NOISE SUPPRESSOR		LS	840	63
INCIRLIK	UNACCOMP OFFICER PER	64	PN	2,800	221
PIRINCLIC	CONSOLIDATED SUPPORT	13,500	SF	1,450	181
PIRINCLIC	POWER LINE EXTENSION		LS	457	34
UNITED KINGDOM					
ALCONBURY	CW PROTECT-SQUADRON	2,600	SF	1,800	50
ALCONBURY	ALT UNACC ENL PERS H	212	PN	2,750	206
BENTWATERS	RECREATION CENTER	19,800	SF	2,250	169
BENTWATERS	CENTRAL POST OFFICE	7,600	SF	650	32
BENTWATERS	ADAL FIRE STATION	8,950	SF	890	44
BENTWATERS	CHAPEL	10,200	SF	1,150	86
BENTWATERS	T-9 NOISE SUPPRESSOR		LS	840	42
FAIRFORD	UPG WATER STORAGE &		LS	1,600	120
FAIRFORD	JET FUEL STOR/HYDR R		LS	5,000	375
FELTWELL	PASS DEF EQUIP STORA	14,000	SF	960	48
FYLINGDALES	SOLID STATE UNINTER		LS	1,000	50
GREENHAM COMM	FIRE STATION	15,300	SF	1,850	139
GREENHAM COMM	UNACC ENL PERS HSG	312	PN	6,300	472
LAKENHEATH	SEMIHARDENED TELECOM	2,300	SF	810	40
LAKENHEATH	STORM DRAINAGE DISPO		LS	780	39
LAKENHEATH	UNACCOMP ENLISTED PE	336	PN	6,500	128
LAKENHEATH	CW PROTECT-SQUADRON	2,600	SF	1,800	135
MILDENHALL	CHILD DEVELOPMENT CE	7,140	SF	850	42
MILDENHALL	ADAL OPERATIONS FACI		LS	2,150	161
MILDENHALL	UPG WATER STORAGE &		LS	4,150	311
MILDENHALL	ADAL SEWAGE TREATMEN		LS	1,350	101
MILDENHALL	TELECOMMUNICATIONS F	11,000	SF	3,800	285
UPPER HEYFORD	PASSIVE DEF EQUIP ST	14,000	SF	960	48
UPPER HEYFORD	CW PROTECTION-SQUADR	2,600	SF	1,800	135
UPPER HEYFORD	COMBAT AMMUN CONTROL	6,900	SF	930	46
WELFORD	FIRE STATION	6,220	SF	850	42
WELFORD	MUNITIONS STORAGE IG	10	EA	3,100	232

STATE / STATION	PROJECT DESCRIPTION	SCOPE	UNIT MEAS	EST COST ($000)	EST DESIGN COST ($000)
OS CLASSIFIED LOC			LS	800	99
BASE 66	LANTIRN AVIONICS FAC		LS	300	23
BASE 71	ADD TO AVIONICS FACI		LS	1,500	112
BASE 74	F-16-ADAL FIELD TRNG		LS	300	23
BASE 74	F-16-AVIONICS MAINTE	10,290	SF	2,100	158
BASE 74	F-16-FLIGHT SIMULATO	800	SF	200	23
BASE 74	F-16-SPECIAL FUELS S	4,500	SF	600	65
BASE 74	F-16-EGRESS SHOP		LS	1,909	143
BASE 79	SPECIAL SUPPORT FACI		LS	1,200	90
BASE 88	F-111-ELECTR COUNTER	6,730	SF	2,000	150
BASE 88	F-111-FLIGHT SIMULAT	20,520	SF	1,900	135
BASE 88	F-111-ORGANIZ MAINT	4,000	SF	900	68
BASE 88	F-111-AIRCRAFT MAINT	13,620	SF	1,800	142
BASE 88	F-111-FUEL CELL MAIN	7,500	SF	600	45
BASE 88	F-111-AIRCRAFT SUPT	40,000	SF	800	60
BASE 88	F-111-SURVIVAL EQUIP		LS	5,000	375
CLASSIFIED LO	OPERATIONS FACILITY		LS	1,500	112
VARIOUS			LS	38,800	2910
BASE 81	SPECIAL ACTIVITIY FA				
VARIOUS LOCAT	CANADIAN FOL/DOB				

DESIGN

Question. List each project by Service and Agency under design which is not yet programmed in the five-year defense plan.

Answer. All military construction projects under design are programmed in the five-year defense plan.

Question. List each project by Service and Agency which will be designed utilizing FY 1987 funds.

Which of these projects are not programmed in the five-year plan?

Answer. FY 1987 design funds are being used to complete design on the FY 1988 and initiate design on the FY 1989 military construction programs as submitted to Congress. All of these projects are in the five-year plan.

Question. Why are projects being designated which are not programmed for construction?

Answer. All projects under design are programmed for construction.

MODEL INSTALLATION PROGRAM

Question. Please explain how military construction projects are executed at MIP bases.

Answer. Military construction projects are executed through the regular MILCON procedures as prescribed in federal law, the Federal Acquisition Regulation (FAR), and the DoD Supplement to the FAR. The primary difference is that the installation commander and the user organization interface with the Architect-Engineer firm doing the design will be more direct.

Question. What factors are used to determine who will be the Design/Construction Agent?

Answer. The governing guidance for the selection of a design/construction agent is 10 U.S.C. 2851 and is implemented by DoD Directive 4270.5, "Military Construction Responsibilities," March 2, 1982. The guidance states that the Continental U.S. and most of the free world is geographically assigned to the two legislatively designated design and construction agents which are Corps of Engineers (COE) and the Naval Facilities Engineering Command (NAVFAC). The Secretary of Defense has the authority to designate other Departments or Government Agencies as design/construction agents when it would assure the most efficient expeditious and cost effective completion of the project.

Question. During FY 1986, list the Air Force costs of Design/Construction agent responsibilities for Air Force projects at MIP bases and at non-MIP bases. Provide these costs by appropriation and object classification.

Answer. The following are Air Force costs for design/construction agent responsibilities for FY 1986:

3400 APPROPRIATION:

COST ($)		ELEMENT OF EXPENSE INVESTMENT CODE (EEIC)
MIP BASES		
14,088		609 (Supplies)
3,273		628 (Equipment)
2,003		40826 (TDY Travel)
1,257		40923 (Per Diem, POV)
974		40926 (Per Diem, Travel)
30		56910 (Purchased Maint.)
585		61910 (COCESS Purchases)
382		59219 (Misc. Contract Svcs.)
699		39106 (Overtime Pay)
374,443		39206 (Civilian Pay)
23,570		39305 (Civilian Benefits)
869		39306 (Civilian Leave)
422,173	Total	
1,545		39206 (Civilian Pay)

3500 APPROPRIATION:

NON-MIP BASES	
9,600	201 (Military Pay)

MIP bases authorized as design/construction agents: Kirtland AFB, NM; Hickham AFB, HI; Reese AFB, TX; Moody AFB, GA; and Whiteman AFB, MO.

Non-MIP bases authorized as design/construction agents for specific projects: Laughlin AFB, TX, and Onizuka AFS, CA.

Question. Did the Army and Navy Construction Agencies save an equal amount of costs during FY 1986? (Note -- the Army and Navy should respond to this question.)

Answer. The Model Construction Agent Program was not initiated to be a cost savings or cost reduction program. It was intended to provide the commander the authority necessary to better perform his mission. By removing regulatory restraints, an atmosphere of innovation is created whereby the work force is more apt to generate ideas for improving operations and for removing irritants and impediments to performance.

The U.S. Army Corps of Engineers has four construction districts participating in the Model Construction Agent Program. Only Tulsa District has sufficient data from 1986 to identify savings which are estimated to be $177,000.

Naval Facilities Engineering Command has only one division involved with a single MIP installation. The Navy's involvement in the program has been limited and has not produced any manpower or monetary savings.

Question. Has the Department requested and received permission from Congress for the Air Force to be its own Design and Construction Agent at MIP bases? If not, do you intend to do so?

Answer. No. Under 10 U.S.C. 2851 Congress delegated this approval authority to DoD. The Air Force through the MIP Program requested and received permission for five Air Force Bases to be their own design and construction agents. The authorized bases are: Kirtland AFB, NM; Hickham AFB, HI; Reese AFB, TX; Moody AFB, GA; and Whiteman AFB, MO.

MODEL INSTALLATION PROGRAM

Question. Does the Department want to establish the Air Force as a third Design/Construction Agent in general?

Answer. No. The existing statues provide adequate flexibility to oversee the Military Construction Program. DoD does not intend to request authority to make the Air Force a third design/construction agent.

SUPERVISION, INSPECTION AND OVERHEAD (SIOH)

Question. I understand the Comptroller General has ruled that charges for SIOH are considered a new obligation and, therefore, cannot be charged to expired or lapsed funds. Are SIOH charges recorded as a valid obligation on each project upon project award?

Answer. Yes, SIOH charges are recorded as a valid obligation on each project at contract award.

Question. If a project requires more than five years to construct, do you have to de-obligate remaining SIOH charges at the end of the fifth year due to the Comptroller General ruling? Do you then have to obligate the remainder from current funds?

Answer. While there are differences in the way the Services handle this problem, they all have difficulties beyond the fifth year. Replacement with current funds causes a great deal of confusion and extra work to accommodate what we perceive to be a needless shuffle of funds.

Question. When the authority to split-fund projects expires with the FY 1985 program, will you be in a position of not having a legitimate means of paying SIOH?

Answer. The ability to pay SIOH will be restricted and legislative relief is required to correct the problem and to preclude severe program impacts.

Question. Would a general provision of law be required to countermand the Comptroller General ruling? If so, please provide a general provision that would allow SIOH to remain as a valid obligation through project completion, even though funds cited might be expired or lapsed. Also, include wording which would provide for payment of SIOH associated with valid upward price adjustments to be made from the same funds used for the price

adjustment. (Exclude SIOH associated with increases due to foreign currency fluctuation since, in any case, SIOH should be calculated and paid at the budget rate on construction projects.)

Answer. Yes. An appropriate general provision would be, "Sec. ___. When a military construction or family housing project is being completed with funds otherwise expired or lapsed for obligation, those expired or lapsed funds may be used to pay the cost of supervision, inspection, and overhead and any claims on those projects."

O&M Activities

Question. Several weeks ago the subcommittee requested to receive copies of all service and agency justifications which relate to R, D, T and E construction, operations and maintenance construction, maintenance and repair and BMAR. So far only the Army has provided some of the requested material. When will the committee receive the requested material?

Answer. The Services advise that it will take over six months to compile the information requested.

Question By installation and location, list all construction projects undertaken in FY 1986 utilizing O&M funds.

Answer. Listings of minor construction projects funded with operations and maintenance funds are not available at Departmental level. Approval authority for these projects is at the installation level. The Services advise that it will take over six months to compile the information requested.

Question By installation and location, list all construction projects which are being accomplished or will be accomplished with FY 1987 O&M funds.

Answer. Authority is delegated to installation commanders who accomplish work within a system that accommodates critically changing priorities.

Question By installation and location, list all construction projects programmed for FY 1988 and FY 1989 for O&M funds.

Answer. The O&M budget does not consist of line item details of proposed projects. Instead, the budget contains an estimate of funding needed along with an infinite number of projects to be accomplished based on historical reviews. Installation commanders, the people most aware of the relative merit of each project, set the priorities for the projects. Since priorities necessarily change during the year for a variety of reasons (such as new information or changed conditions), an exact list of FY 1988/1989 projects cannot be provided.

Question By installation and location, list all BMAR undertaken in FY 1986.

Answer. During the execution year, all maintenance and repair requirements, deferred plus new requirements, are integrated into a single program. Projects (both deferred and new) are assessed relative to other projects, and an execution-year program is developed. Since all requirements are accomplished as part of an integrated program, the deferred projects completed during the year

are not readily identifiable on an individual basis at Department level.

Question By installation and location, list all BMAR which is programmed in FY 1987.

Answer. The O&M budget does not consist of line item details of proposed projects. The budget contains as estimate of funding needed based on historical reviews. For execution, all requirements (deferred plus new) are melded into a single program. Installation commanders, the people most aware of the relative merit of each project, set the priorities for the projects. For this reason, it is not possible to provide an exact list of the projects which will be completed during FY 1987.

Question By installation and location, list all BMAR programmed for FY 1988 and FY 1989.

Answer. Requirements for FY 1988 and FY 1989 will not be known until the end of the prior FY. The requirements are developed at installation level and are not readily identifiable at Department level. The Budgeting for these requirements is an estimate of funding needs based on historical reviews.

Minor Construction

Question. By installation and location, list all minor construction projects undertaken in FY 1986.

Answer. The following projects were undertaken by all services and defense agencies, inside and outside the United States in FY 1986.

	FY 1986 Army	($000)
Arizona		
Ft Huachuca	Satellite/Electronic Maint Fac	823
California		
Ft Irwin	Outpatient Clinic	1,100
Sierra AD	Child Development Center	526
Georgia		
Ft Stewart	Sensitive Compartmented Info Fac	534
Illinois		
Ft Sheridan	Recruitment ADP Fac	540
Massachusetts		
Ft Devens	Morse Mission Trainer	793
Maryland		
Ft Detrick	Addition Medical/Research Admin	500
New Jersey		
Bayonne MOT	Child Development Center	519
Ft Dix	Truck Driver Training Range	1,040
New York		
USMA	Child Development Center	1,082
North Carolina		
Ft Bragg	Sanitary Facilities	1,067
	Logistics Headquarters Fac	962
	Combat Div Training Fac	1,020
	Main Post Office Addition	1,081

Texas		
Red River AD	Theater Readiness Monitoring Fac	1,134
Virginia		
Ft Belvoir	ADP Facility	834
	CONUS Subtotal	13,555
Germany		
Bad Kreuznach	Missile Maintenance Facility	301
Frankfurt	Physical Security	413
Kleinlueder	Missile Maintenance Facility	300
Wildflecken	Missile Maintenance Facility	318
Wiley	Support Maintenance Warehouse	773
Korea		
Pamunjon	Ready Building	873
Kwajalein		
Illeginni Island	Power Plant Relocation	239
Panama		
Ft Clayton	Child Development Center	539
	OCONUS Subtotal	3,756

FY 1986 Navy		($000)
Arizona		
MCAS Yuma	SCIF	876
California		
MCB Camp Pendleton	Paint Spray Facility	215
	Sensitive Info Facility	1,076
	Armory Addition	225
NAS Fallon	Radar Relocation	522
MCAS El Toro	Upgrade Electric	620
NWC China Lake	EW Simulator	1,058
NAB Coronado	Special Warfare	798
NSGA Skaggs Island	Potable Water Well	283
MCAGCC 29 Palms	Soil Stabilization	762
NARDAC San Fran	Data Processing Center	588
Florida		
NAS Key West	Mole Shore Power	833
NCSC Panama City	Land Based Integration Test Fac	1,005
Maryland		
NATC Patuxent River	Secure Test Fac	973
New Jersey		
NWS Earle	Replace Damaged Fac	530
	MOMAG Facility	529
Mississippi		
MCBC Gulfport	Small Arms Range	806
Pennsylvania		
NADC Warminster	Magnetic Media Lab	480
	Computer Facility	671
South Carolina		
NSY Charleston	Hazardous Waste Fac	788
Virginia		
FCTC Dam Neck	Alternate Electric	966
NARF Norfolk	Bldg V29 Conversion	985
Itlay		
NAS Sigonella	Lamps MK III	462
Spain		
COMSTA Rota	FOSIF Addition	656

FY 1986 Air Force		($000)
Alaska		
Eielson AFB	PMEL Addition	610
Elmendorf AFB	Add/Alter Sq Ops	813
Arkansas		
Blytheville AFB	Petroleum Ops	700
Florida		
Tyndall AFB	Maintenance Facility	490
Maine		
Bangor IAP	Troop Issue Facility	285
Michigan		
K.I. Sawyer AFB	Rec Library	872
Wurtsmith AFB	Rec Library	970
Nebraska		
Offutt AFB	Security Improvements	940
North Dakota		
Grand Forks AFB	T-9 Sound Suppressor Support	490
	Vehicle Ops Facility	450
South Carolina		
Shaw AFB	Land Purchase	350
South Dakota		
Ellsworth AFB	T-9 Sound Suppresor Support	550
Utah		
Hill AFB	Communication Support	983
Utah Test Trng Range	Gapfiller Radar	505
Virginia		
Langley AFB	Aircraft Parking Apron	492
	CONUS Subtotal	10,160
Iceland		
Rockville NAS	Alter Telecom Fac	499
	Ops Control Center	944
Portugal		
Lajes AB	Relocate Bakery	360
Spain		
Torrejon AB	Approach Lighting	450
United Kingdom		
Greenham Common	Rec Library	629
Turkey		
Pirinclik	Dining Hall	895
	OCONUS Subtotal	3,777

FY 1986 Army National Guard		($000)
Alabama		
Jacksonville	Armory Add/Alterations	276
Various	Armory Unit Storage Buildings	293
Alaska		
Nome	Armory Unit Storage Buildings	103
Shismaref	Scput Armory Expansion	177
Tununak	Scout Armory Expansion	165
Arkansas		
Camp Robinson	Dining Facility Addition	98
Arizona		
Ft Huachuca	Dining Facility Alterations	85
California		
Barstow	Organizational Maintenance Shop	373
Bell	Armory Addition	122

Delaware		
Geprgetpwn	Armory Add/Alteration	346
New Castle	Range, Pistol	200
District of Columbia		
Washington	Armory Alteration	249
Washington	Contingency Storage Building	144
Florida		
Starke	DLOG Class IX Warehouse	293
Jacksonville	Avaiation Support Fac Security Fence	353
Georgia		
Atlanta	US Property and Fiscal Office	346
Macon	State Military Academy Rehab	81
Various	Armory Unit Storage Buildings	173
Idaho		
Gowen Field	State Military Academy	191
Boise	Armory Unit Storage Buildings	177
Indiana		
Camp Atterbury	Ice Storage & Distribution Facility	97
	Range, Combat Pistol	212
	Range, Demo/Bobbytrap	309
Iowa		
Camp Dodge	US Property and Fiscal Office Add	246
Iowa City	Organizational Maintenance Shop	148
Kansas		
Various	Armory Unit Storage Buildings	108
Louisiana		
Camp Beauregard	Combined Support Maint Shop Renovation	353
Fort Polk	Crane Facility - Maintenance Shop	306
Jackson Barracks	Organizational Maintenance Shop	126
Maine		
Camp Keyes	US Property and Fiscal Office Add	263
Minnesota		
Camp Ripley	Range Control Building	210
Mississippi		
Camp Shelby	M60 Maintenance Training Buildings	265
Starkville	TACFIRE Training Area	180
Camp McCain	Combined Support Maintenance Shop	124
Missouri		
Centertown	State Military Academy Acquisition and Alterations	286
Harrisonville	Organizational Maintenance Shop	337
Jefferson City	Contingency Storage Building	119
Springfield	Organizational Maintenance Shop Rehab	139
Montana		
Limestone Hills	Range Support Facility	226
New Hampshire		
Strafford	State Military Academy Acquisition and Alterations	387
New Jersey		
Lawwrenceville	Contingency Storage Building	276
Toms River	Organizational Maintenance Shop	391
North Carolina		
Ahoskie	Armory Addition	98
Asheville	Armory Addition	91
Camp Butner	Range, Combat Pistol	75
	Range, Night Fire	74
	Range, Record Fire	325
	Range, 25M Zero/M79	93
Various	Armory Unit Storage Buildings	145

Ohio		
Springfield	DLOG Class IX Warehouse	396
Oklahoma		
Camp Gruber	Range, Hand Grenade	33
	Range, Grenade Launcher	73
	Range, Demo, Mines & Bobbytrap	112
	Range, Field Artillery Scaled	150
Oklahoma City	US Property and Fiscal Office Add/Alt	202
Lexington	Organizational Maintenance Shop	276
Pennsylvania		
Connellsville	Organizational Maint Shop Modernization	81
Ft Indiantown Gap	Aviation Fuel Facility	71
South Carolina		
Columbia	Bridge Crane - Maintenance Shop	123
Fort Jackson	Water Treatment System	74
South Dakota		
Mitchell	Combined Support Maint Shop Add	84
Tennessee		
Catoosa	Range, Tank Gunnery, Scaled	135
Texas		
Austin	Aviation Support Facility Expansion Hangar and Parking	150
Utah		
Camp Williams	Fire Station	97
Virginia		
Byrd Field	Organizational Maint Shop Alt	178
Fort Belvoir	Temporary Armory	271
Washington		
Ephrata	Organizational Maintenance Shop	377
Wyoming		
Camp Guernsey	Ration Breakdown	340
	Total	13,477

FY 1986
Army Reserve

		($000)
Alabama		
Gadsen	Land Acquisition, 6 Acres	120
California		
Long Beach	Van Shelter	125
Los Alamitos	Military Equipment Parking Expansion	184
Illinois		
86th ARCOM	Upgrade 3 Rifle Ranges	140
Fort Sheridan	Upgrade Indoor Range	39
Wood River	Kitchen	183
Indiana		
123d ARCOM	Upgrade 2 Indoor Ranges	65
Kentucky		
Ashland	Land Acquisition, 6 Acres	72
Frankfort	Land Acquisition, 6 Acres	58
Georgetown	Land Option Purchase	6
Maysville	Land Acquisition, 6 Acres	72
Maryland		
Baltimore	Kitchen Renovation	130
Massachusetts		
Boston	Organizational Maintenance Shop with Wash Platform and Military Equipment Parking	200

Michigan		
70th Division	Upgrade 3 Indoor Ranges	126
Grand Rapids	Land Acquisition	276
Muskeegan	Land Acquisition	42
Mississippi		
Waynesborro	Land Option Purchase	8
Montana		
Butte	Land Acquisition, 13.3 Acres	16
New York		
Jamestown	Land/Building Option Purchase	175
North Carolina		
Albemarle	Land Acquisition, 6.5 Acres	50
Greenville	Land Acquisition, 4.5 Acres	80
North Dakota		
Minot	Land Acquisition, 5 Acres	48
Ohio		
Columbus	Upgrade Reserve Center	179
Pennsylvania		
-	Grease and Water Separators at seven Reserve Centers	74
South Carolina		
-	Upgrade Indoor Ranges at four Reserve Centers	88
Aiken	Land Acquisition, 1.6 Acres	19
Texas		
Corpus Christi	Military Equipment Park & Van Shelter	263
Virginia		
-	Miscellaneous Work 4 Reserve Center and an Area Maint Support Activity	198
Marion	Addition to Organizational Maint Shop and Shower Facility	228
Richmond	Private Vehicle Parking	109
Washington		
Seattle	Upgrade Range and Classroom	94
Wisconsin		
Racine	Land Option Purchase	23
	Total	3,490

FY 1986

Navy and Marine Corps Reserve		($000)
Illinois		
NRC Forest Park	Reserve Center Alteration	295
Louisiana		
NAS New Orleans	Security Bldg Addition	212
Pennsylvania		
AFRC Folsom	Combat Veh Maint Facility	264
Texas		
NAS Dallas	Fire Protection Bldg 12	400
MCRC	Combat Veh Maint Facility	270
Washington, D.C.		
MAF Washington	ECIP Control Modification	268
	Total	1,709

FY 1986

Air National Guard		($000)
Arizona		
Tucson IAP	Addition to Warehouse	342
California		
Fresno Air Terminal	Alert Parking Revetments	394
Louisiana		
New Orleans NAS	Aircraft Drop Tank Storage Apron	207
Missouri		
Lambert/St. Louis IAP	Mobility Storage Warehouse	214
Mississippi		
Gulfport ANG FTS	Operations and Training Facility	398
North Carolina		
Charlotte/Douglas IAP	Aircraft Parking Apron	360
New Jersey		
McGuire AFB (ANG)	Add to Squadron Operations	200
New York		
Schenectady Co Apt	Add to Telecomm Facility	266
Oklahoma		
Will Rogers AGB	Add/Alter Hangar for Aircraft Avionics	213
Oregon		
Kinglsey Field AGB	Alter Bldg 215 for NDI Shop	170
	Alter Avionics, Bldg 331	397
Portland IAP	Electric Switching Station	354
Pennsylvania		
Greater Pittsburgh IAP	Add to Avionics for ECM Pods	218
South Dakota		
Joe Foss Field	ADAL Munitions Maint Trng Fac	161
Vermont		
Burlington IAP	Alter Simulator Fac for Avionics	123
	Alternate Fuels Facility	197
	Arm/Dearm Pads	267
	Total	4,481

FY 1986

Air Force Reserve		($000)
Texas		
Kelly AFB	Alter Building 890	268
	Alter 910 for Wheel/Tire Shop	157
	Install Computer Room	155
	Alter Building 909 Fiberglass Shop	165
	Alter Building 909 Pnuematic Shop	348
Pennsylvania		
Willow Grove NAS	Constr Heavy Equip Shed	194
	Add to Base Civil Engineer Fac	192
	Total	1,469

FY 1986

Defense Nuclear Agency

		($000)
Inside United States		
Maryland		
Armed Forces Radiobiological Research Institute	Replace Radioactive Waste Water Tank	880

National Security Agency

Outside United States		
Classified Location	Security Fence	483
Inside United States		
Maryland		
Fort Meade	Classified Project	487

Strategic Defense Initiative Organization

Outside United States		
Marshall Island	ALCOR Building Addition	580
Kwajalein MR		

Minor Construction

Question. By installation and location, list all minor construction projects undertaken in FY 1987.

Answer. The following projects were undertaken by all services and defense agencies, inside and outside the United States in FY 1987.

	FY 1987 Army	($000)
Alabama		
Anniston AD	Effluent Pipe Treatment	979
California		
Ft Ord	Addition to ADP Equipment Bldg	673
Presidio of San Fran	Relocate Fence	326
District of Columbia		
Walter Reed AMC	Repository/Armed Forces Inst of Pathology	996
Maryland		
Aberdeen PG	Range Complex	534
Ft Meade	Armed Forces Courier Admin Bldg	996
Missouri		
Lake City AAP	Explosive Waste Holding Tanks	948
New Jersey		
Ft Dix	Addn/Alt Air Base Ground Defense	688
New York		
Seneca AD	Child Development Center	726
Oklahoma		
McAlester AAP	Major Caliber Loading Fac	510
Texas		
Ft Sam Houston	Convert Finance Bldg	876
Virginia		
Ft Belvoir	Army Aircraft Scheduling Fac	581
Ft Story	Health/Dental Clinic	916
	CONUS Subtotal	9,749
Germany		
Grafenwoehr	Tank Range	971
Zweibrucken	Army Photo Interpretation Fac	605
Honduras	Staging Area	520
Johnston Island	Chemical Maintenance Fac	946
Korea		
Camp Castle	Ammunition Holding Area Relocation	460
Camp Greaves	Ammunition Holding Area Relocation	550

Korea		
Camp Humphreys	Instrument Landing System	789
Puerto Rico		
Ft Buchanan	Chapel	531
	OCONUS Subtotal	5,372

FY 1987 Navy		($000)
Alaska		
NAS Adak	Sub Shore Power, Pier 5	975
	AIMD Hangar Addition	1,203
California		
NTTC Treasure Is.	Ammo Elev Training Fac	416
NWS Concord	New Electrical Substation	635
	Access Roads	500
MCAS El Toro	Operational Trainer Fac	1,080
MCB Camp Pendleton	Landfill Relocation	688
NAB Coronado	Spec War Craft Inst Fac	950
NAS Lemore	Fire Trng Fac	450
Florida		
NAS Key West	Haz Waste Fac	432
NARF Pensacola	H2 Transmission Fac	399
NCSC Panama City	Hyperbaric Test Fac	970
Maryland		
DTNSRDC Carderock Lab, Bethesda	Sec Data Proc Lab	790
Mississippi		
NAS Meridian	Physical Security	401
New Jersey		
NWS Earle	Missile Shop Expn	990
	Normandy Road Safety Improvements	960
New York		
Garden City	Recruiting Offices, 1st MCD	620
South Carolina		
NS Charleston	Mine Squadron Bldg	950
Virginia		
MCDEC Quantico	Renovate Bldg 2008	980
NAS Oceana	Applied Inst Fac	590
Guam, MI		
NAVMAG	Helo Pads	600
Philippines		
NSRF Subic Bay	Elec Service, AFDB8	280

FY 1987 Air Force		($000)
Alaska		
Galena Airport	Solid State ILS	460
Shemya AFB	Vortac	480
Arkansas		
Blytheville AFB	Combat Arms Facility	250
California		
Edwards AFB	Fire Station	750
Colorado		
Peterson AFB	Add/Alter Bldg 1470	970
Delaware		
Dover AFB	Mortuary Facility	492

Florida		
Cape Canaveral AFS	Launch Support Facility	980
Eglin AFB	Add/Alter ECM Facility	633
Hawaii		
Hickam AFB	548 RTG	690
Mississippi		
Keesler AFB	Medical WRM	960
	Petrol Ops	580
Nevada		
Nellis AFB	Add/Alter FTD	990
North Carolina		
Seymour Johnson AFB	Sq Ops	927
Texas		
Randolph AFB	Munitions Load Trainer	725
	CONUS Subtotal	9,887
Belgium		
Florennes AB	Library	518
Germany		
Ramstein AB	C3I Facility	966
Spangdahlem AB	Aircraft Maint Unit	849
	23 TFS	850
	81 TFS	873
	480 TFS	
Italy		
Aviano AB	BCE Complex	678
Japan		
Kadena	Shuttle Aperture Facility	917
Korea		
Camp Humphreys	Tri-Tac Support	980
United Kingdom		
Woodbridge	Pol Truck Shelter	375
	OCONUS Subtotal	7,006

FY 1987 Army National Guard		($000)
Alaska		
Nome	Armory Storage Building	46
Valdez	Motor Vehicle Storage Bldg	250
	Scout Armory	360
California		
Bell	Armory	278
National City	Organizational Maint Shop Add	327
Santa Ana	Organizational Maint Shop Alt	356
Hawaii		
Pearl City	Contingency Storage Site	136
Maine		
Bog Brook	Training Facilities Alterations	303
Maryland		
Edgewood	Organizational Maintenance Shop	265
Massachusetts		
Fall River	Organizational Maint Shop Alt	253
Mississippi		
Camp Shelby	Trng Site, Battalion Area Heating	396
	Trng Site, M60 Trng Building	266
Nevada		
Indian Springs	Range, Tank Table VIII	250

South Carolina		
Fort Jackson	Water Distribution System	371
Utah		
West Jordan	Aircraft (C-7) Ramp & Taxiway	282
West Virginia		
Camp Dawson	Trng Site, Water Treatment System	389
	Total	4,528

FY 1987 Army Reserve		($000)
Arkansas		
West Memphis	Land Option Purchase	30
California		
Los Alamitos	Equipment Concentration Site Paving	330
Redding	Land Option Purchase	25
Connecticut		
West Hartford	Land Option Purchase	35
Illinois		
Peru	Rifle Range	40
Kansas		
Topeka	Land Option Purchase	45
Michigan		
Lansing	Land Option Purchase	45
Mississippi		
Natchez	Land and Building Purchase Option	55
Waynesboro	Land Option Purchase	10
Missouri		
Kirksville	Land Option Purchase	15
New York		
Horseheads	Land Option Purchase	20
Oswego	Land Acquisition	58
Pennsylvania		
Allison Park	Construct Special Compartmented Information Facility	130
Tennessee		
Knoxville	Land Option Purchase	80
Texas		
Houston	Land and Building Option Purchase	30
Lubbock	Land Option Purchase	35
Wisconsin		
Eau Claire	Land Option Purchase	28
Wausau	Land Option Purchase	30
	Total	1,040

FY 1987 Navy and Marine Corps Reserve		($000)
California		
NARCEN Miramar	Aircraft Cooling Systems	280
Illinois		
NAS Glenview	Alterations to Bldg 41	165
Indiana		
NMCRC Indianapolis	Communication Rep. Facility Add	110
Louisiana		
NAS New Orleans	Ground Support Equipment Shed	350
NSA New Orleans	Tempest Area	300
Massachusetts		
NAS South Weymouth	Ground Support Equipment Shed	340

Pennsylvania		
NAS Willow Grove	Infrared Heating for Hangar	160
Texas		
NAS Dallas	Fire Protection for Bldg 11	200
	Total	1,905

FY 1987
Air National Guard

		($000)
Arkansas		
Ft Smith MAP	Non-Destructive Inspection Shop	340
Little Rock AFB (ANG)	Alter Squadron Operations	185
Indiana		
Ft Wayne MAP	Add/Alter Squadron Operations	340
Hulman Regional Arpt	Add to Avionics for ECM Shop	360
Maryland		
Glenn L. Martin State Arpt	Modify Fuel Cell Hangar	120
Michigan		
Phelps-Collins Arpt	Natural Gas Distribution System	280
Minnesota		
Duluth IAP	Alter Bldg 211 (Weapons Rel)	290
Montana		
Great Falls IAP	Alter Engine I&R Shop	185
	Total	2,100

FY 1987
Air Force Reserve

		($000)
Georgia		
Dobbins AFB	Modify Approach Lights	158
	Alter POL Tank Farm	282
Illinois		
O'Hare IAP	Add to/Alter Fire Station	196
Louisiana		
New Orleans NAS	WRSK Storage	359
Massachusetts		
Westover AFB	Combat Arms Trng/MFT	234
	FMS Orderly Trng/Bldg 70	205
	Upgrade DCM Staff Office	380
	ADAL Sqdn Ops	180
Mississippi		
Keesler AFB	ADAL Sqdn Ops	346
Missouri		
Richards-Gebaur AFB	POL and QC Facility	363
New York		
Niagara Falls IAP	ADAL for Conversion	92
	Total	2,795

FY 1987

Defense Logistics Agency

		($000)
Inside United States		
Florida		
Macdill AFB	Conforming Storage	330

National Security Agency

Outside United States		
Classified Location	Operations Support Add	768

Strategic Defense Initiative Organization

Inside United States		
Florida		
Eglin AFB	Engineering Facility	550
	Experimental Facility	850
New Mexico		
White Sands MR	Effects Test Area	515
	Technical Support Area	987

Minor Construction

Question. By installation and location, list all minor construction projects programmed for FY 1988 and FY 1989.

Answer. Unspecified minor construction funds are used to fund unexpected requirements which cost less than $1M and could not be programmed in a regular Military Construction Program. Projects for which FY 1988 and FY 1989 funds will be used have not been identified as yet.

OTHER CONSTRUCTION

Question. For the record, describe each category of construction and maintenance and repair. Provide a profile for each by Service and Agency for each of the past five fiscal years and what is programmed in the five year defense plan.

Answer. The description of each category follows:

Operations and Training Facilities: Includes airfield pavements; liquid fueling and dispensing facilities; communications, navigational aids, and airfield lighting; land operational facilities; waterfront operational facilities; harbor and coastal operational facilities; and training facilities.

Maintenance and Production Facilities: Includes maintenance and production facilities for aircraft, guided missiles, ships, tank and automotive equipment, weapons, ammunition, electronics and communications equipment, miscellaneous procured items and equipment, and installation repair.

Research, Development, and Test Facilities: Includes science laboratories and buildings used directly in the research, development, and testing of aircraft; missiles; ships and marine equipment; tank and automotive equipment; weapons and weapon systems; ammunition, explosives, and toxics; electronic, communication, and electrical equipment; propulsion hardware; miscellaneous items and equipment; underwater equipment; technical services; and range facilities.

Supply Facilities: Includes liquid, ammunition, cold, covered, and open storage facilities.

Medical Facilities: Includes medical centers/hospitals, laboratories, dental clinics, and dispensaries/clinics.

Administrative Facilities: Includes headquarters and office type buildings.

Troop Housing Facilities: Includes unaccompanied personnel housing and dining facilities.

Community Facilities: Includes personnel and service facilities; morale, welfare, and recreational facilities; and museums and memorials.

Utilities: Includes electric power facilities, heat and refrigeration facilities, sewage and waste facilities, water distribution facilities, roads and streets, railroad tracks, ground improvement structures, and miscellaneous utilities.

Real Estate: Includes land purchase, condemnation, donation, or transfer; public domain withdrawal; license and permits; easements; in-leases; foreign rights; and improvements.

Profiles for the past five fiscal years and the five-year defense plan are attached.

MILITARY CONSTRUCTION, ARMY
($ millions)

Facility Category	FY83	FY84	APPROVED FY85	FY86	FY87
Operations & Training	131.8	215.6	321.3	344.2	468.2
Maintenance & Production	246.3	332.0	390.1	432.8	143.2
RDT&E	5.0	35.1	48.9	27.1	28.3
Supply	5.9	48.9	75.5	59.2	65.8
Medical	54.9	23.3	164.9	111.5	---
Administrative	1.1	9.7	49.8	56.2	13.8
Troop Housing	197.5	212.8	295.5	419.1	236.0
Community	7.9	70.9	59.2	60.4	31.9
Utilities	68.0	64.5	114.7	167.0	109.2
Real Estate	---	3.5	10.3	12.5	---

Facility Category	FY88	FY89	FYDP FY90	FY91	FY92
Operations & Training	398.3	477.1	353.6	331.0	349.0
Maintenance & Production	284.0	311.4	323.4	411.1	529.3
RDT&E	68.5	25.6	32.5	82.9	109.4
Supply	85.2	103.4	116.0	121.5	154.7
Administrative	32.4	15.1	132.7	95.8	105.1
Troop Housing	166.8	205.7	356.2	340.2	181.2
Community	67.4	69.7	137.3	138.6	195.9
Utilities	142.6	110.8	58.2	55.6	135.0
Real Estate	---	6.9	35.0	2.1	---

MILITARY CONSTRUCTION, NAVY
($ millions)

Facility Category	FY83	FY84	APPROVED FY85	FY86	FY87
Operations & Training	199.9	388.0	323.0	457.5	404.0
Maintenance & Production	143.1	174.0	352.5	389.5	233.1
RDT&E	39.6	130.0	59.2	60.2	32.7
Supply	28.8	13.4	72.9	85.1	100.1
Medical	14.6	45.7	77.4	52.3	---
Administrative	11.3	22.6	111.9	48.7	47.2
Troop Housing	144.7	159.4	243.9	224.3	188.5
Community	20.1	25.9	27.2	12.6	64.6
Utilities	206.8	210.1	161.8	176.8	65.2
Real Estate	144.2	36.6	22.2	100.1	95.4

Facility Category	FY88	FY89	FYDP FY90	FY91	FY92
Operations & Training	802.2	570.9	595.1	658.2	741.3
Maintenance & Production	239.9	388.0	447.8	402.1	443.7
RDT&E	66.9	100.6	95.6	134.0	101.7
Supply	103.9	99.5	211.4	235.9	256.1
Administrative	46.5	75.5	137.9	162.1	259.5
Troop Housing	186.5	204.7	288.8	255.5	295.5
Community	13.0	67.0	71.7	117.1	92.4
Utilities	124.2	103.4	209.3	186.9	211.6
Real Estate	95.9	47.0	72.4	29.0	66.0

MILITARY CONSTRUCTION, AIR FORCE
($ millions)

Facility Category	FY83	FY84	APPROVED FY85	FY86	FY87
Operations & Training	565.1	634.1	565.9	437.0	388.7
Maintenance & Production	112.0	152.9	228.0	345.0	179.9
RDT&E	102.6	90.4	69.7	44.6	41.8
Supply	33.3	65.5	92.1	89.7	111.4
Medical	96.9	45.4	91.8	97.5	---
Administrative	67.9	49.3	98.6	45.0	60.5
Troop Housing	132.3	262.7	209.9	195.8	171.2
Community	32.9	47.3	39.6	26.3	26.1
Utilities	186.7	121.9	98.4	229.9	151.2
Real Estate	11.7	0.6	0.4	15.1	12.5

Facility Category	FY88	FY89	FYDP FY90	FY91	FY92
Operations & Training	407.8	569.1	862.2	1099.1	927.3
Maintenance & Production	265.8	317.9	173.1	186.7	148.2
RDT&E	77.1	130.8	142.7	90.1	54.4
Supply	150.0	167.2	165.7	131.7	166.5
Administrative	100.9	43.7	58.6	54.7	113.5
Troop Housing	186.8	153.7	198.1	165.8	122.1
Community	65.0	45.5	27.9	55.4	80.3
Utilities	87.7	148.6	214.0	147.3	151.7
Real Estate	13.6	0.8	4.5	---	3.8

OTHER CONSTRUCTION

Question. List each project in FY 1986 and FY 1987 accomplished with O&M and R&D funds which had been previously denied by the Congress.

Answer. No projects previously denied by Congress were accomplished with O&M or R&D funds in FY 1986 or FY 1987.

R&D Construction

Question. By installation and location, list each project funded by R&D in FY '86.

Answer. The projects are as follows:

Facility	Location	Cost ($000)
Radiation Effects Facility-Bldg MOD	Long Island, New York	900
AF Maui Optical Station (AMOS)-Bldg MOD	Maui, Hawaii	1,100
ATA Tunnel Extension	Livermore, California	400
Electronic Research Laboratory-Bldg MOD	Hanscom AFB, Massachusetts	1,100
Electronic Research Laboratory-Bldg MOD	Hanscom AFB, Massachusetts	500
Electronic Research Laboratory-Bldg MOD	Hanscom AFB, Massachusetts	1,000
High Resolution Atomic Beam Facility-Bldg MOD	Los Alamos, New Mexico	300
Electronic Research Laboratory-Bldg MOD	Hanscom AFB, Massachusetts	1,200
Free Electron Laser Control Room MOD	Livermore, California	500
ALCOR Facility MOD	Kwajalein Missile Range, Kwajalein	500
Beam Sensing & Control Facility-Bldg MOD	Long Island, New York	500
MOD of Bldg MPF-18	Los Alamos, New Mexico	3,100
Neutral Particle Beam Tech. Support Facility	Los Alamos, New Mexico	1,400
MOD of Test Cell (EMRLD)	White Sands Missile Range, New Mexico	4,100
Accelerator Test Stand Upgrade	Los Alamos, New Mexico	1,800

Strategic Defense Facility (SDF)	Albuquerque, New Mexico	2,200
Ground Based Free Electron Laser Facility	White Sands Missile Range, New Mexico	5,000

Question. By installation and location, list each project to be funded by R&D in FY '87.

Answer. The projects are as follows:

Facility	Location	Cost ($000)
Beam Sensing & Control Facility-Bldg MOD	Long Island, New York	200
MOD of Bldg MPF-18	Los Alamos, New Mexico	200
Neutral Particle Beam Tech. Support Facility	Los Alamos, New Mexico	3,800
MOD of Test Cell (EMRLD)	White Sand Missile Range, New Mexico	6,000
Accelerator Test Stand Upgrade	Los Alamos, New Mexico	9,000
Strategic Defense Facility (SDF)	Albuquerque, New Mexico	7,000
Ground Based Free Electron Electron Laser Facility	White Sands Missile Range, New Mexico	10,500
Battle Management/C3 Laboratory-Bldg MOD	Griffiss AFB, New York	2,000

Question. By installation and location, what projects are programed for R&D funding in FY '88 and FY '89?

Answer. The projects are as follows:

Facility	Location	Cost ($000) FY 1988	FY 1989
Accelerator Test Stand Upgrade	Los Alamos, NM	8,700	-
Strategic Defense Facility (SDF)	Albuquerque, NM	15,000	3,000
Ground Based Free Electron Laser Facility	White Sands Missile Range, NM	120,400	98,500
Damage and Vulnerability Facility	Whaite Sands Missile Range, NM	1,000	1,000
Space Propulsion Facility Upgrade	Arnold Engineering Development Center, TN	10,000	-

Question. What criteria determine that a project receives R&D funds or military construction funds?

Answer. The criteria for determining the use of R&D or military construction funds are listed in section 2353 of title 10, United States Code. Facilities provided through the use of R&D funds should be necessary to the performance of the R&D contract. These facilities may not have general utility, but are required solely for the R&D effort.

Unspecified Minor Construction

Question. Is the request to increase the Minor Construction limitation from one million to two million being proposed just so the O&M limitation can be increased from $200,000 to $400,000?

Answer. Section 2702(a)(3) of the 1987 Military Construction Authorization Act revised 10 U.S.C. 2805 to specifically set the O&M limit at $200,000. No increase to that amount is requested in the legislative proposal.

Question. Provide by Service, for FY 1986, the total amount of funds obligated for O&M Minor Construction. Include similar obligations from the RDT&E appropriation.

Answer. The requested information is provided in the following table:

	FY 1986 Obligations ($ Millions)	
	O&M	RDT&E
Army	281.2	17.2
Navy	135.3	6.4
Air Force	213.0	12.1
Defense Agencies	25.1	1.0
Total	654.6	36.7

Question. Explain why you think projects costing between one and two million should not receive complete Congressional review and approval during the regular budget cycle.

Answer. The proposal allows for Congressional review by the appropriate committees through the notification and wait requirement. Some projects between $1 and $2 million should not have to wait to be included in the regular budget cycle. Execution of needed projects can be delayed for over 4 years while they "progress" through the budget cycle.

Question. What, by service, was the dollar cost of all military construction projects between $200,000 and $2 million during FY 1986 and projected for FY 1988 (include major and minor construction).

Answer.

	FY1986 ($000,000)	FY1988 ($000,000)
Army	235.5	147.0
Navy	119.9	96.5
Air Force	264.8	257.8
Agencies	32.9	30.3
Total	653.1	531.6

Minor Construction

Question. If the committee increases the minor construction limit to $2 million, will the committee still retain the opportunity to deny projects within a certain time period.

Answer. The requested legislation would preserve the existing 21 day notice and wait provision for minor construction projects. However, the limit on reporting projects would be increased from the current $500,000 threshold to $1,000,000.

Question. If the committee agrees with the request to increase minor construction to $2 million, will the DoD agree to keep the O&M threshold at $200,000 and not increase it to $400,000?

Answer. Section 2702(a)(3) of 10 U.S.C. 2805 currently limits O&M funded minor construction to $200,000. The Department did not request an increase to that amount.

Historic Facilities

Question. The Department is requesting funds for maintenance and renovation of Historic Facilities in a new Budget Activity in the Military Construction appropriation. Was this done because the Department now thinks that maintenance and repair of facilities should be an integral part of the MILCON appropriation?

Answer. The accumulation of all maintenance and repair of facilities costs in the MILCON appropriation is neither intended nor desired. The new budget activity requested would apply only to historic facilities. It should be noted, however, that the new account would not be limited to maintenance and repair, but would include all costs associated with historic facilities. In addition to maintenance and repair, this would include operations, improvements, renovations, demolition and replacement.

Question. Since maintenance and repair of these facilities was budgeted in MILCON, why was maintenance and repair of all facilities not also included?

Answer. For a variety of reasons, the maintenance of historic facilities is significantly different from the routine, day-to-day maintenance and repair of other structures and is often considerably more costly. Among the factors causing this are: the preservation of the historic nature of the facility, large size, inefficient utility systems and less comprehensive energy conservation measures. To increase accountability, the Department has chosen to accumulate costs for historic facilities under the MILCON appropriation rather than the current practice under which such costs are spread among the operation and maintenance, family housing, and military construction appropriations.

Question. What, by service and appropriation, is the total amount of maintenance and repair budgeted for FY 1988? Would there be any benefit of placing all of these funds in the MILCON appropriation with an attendant five-year obligated life?

Answer. The FY 1988 budget request includes $5,172.7 Million for real property maintenance which consists of maintenance and repair as well as minor construction funded in the operations and maintenance appropriations. The Department sees no benefit in placing these funds into the military construction appropriation and has no plan to request such a change at this time.

Appropriation	Service	FY 1988 ($M)
Operations & Maintenance,	Army	1,669.4
"	Navy	962.7
"	Marine Corps	368.7
"	Air Force	1,746.2
"	Defense Agencies	154.8
"	Army Reserve	47.7
"	Navy Reserve	48.7
"	Marine Corps Reserve	4.5
"	Air Force Reserve	25.6
"	Army National Guard	98.8
"	Air National Guard	45.6
	TOTAL	5,172.7

Nonappropriated Funds

QUESTION: By installation and location, list each project accomplished with nonappropriated funds in FY 1986.

ANSWER: The attached listings identify projects accomplished in FY 1986.

FY 1986 Army

Alabama		
Ft Rucker	GUEST HOUSE	2,400
Alaska		
Ft Wainght	YOUTH CENTER	3,200
Arizona		
Ft Huachuca	OUTDOOR REC EQUIP CTR	940
Ft Huachuca	SKILL DEV CTR/AUTO	1,450
Ft Huachuca	YOUTH OUTDR SPORTS COMPLEX	1,350
California		
Ft Irwin	BRANCH EXCHANGE/GAS	1,070
Ft Irwin	OPEN DIN CONS/CL VI	3,500
Ft Irwin	COMMISSARY ADDN/ALTERATION	4,800
Ft Ord	SKILL DEV-AUTO	2,550
Ft Ord	GUEST HOUSE-II	1,700
Pres San Fr	BRANCH EXCHANGE	510
Pres San Fr	BOWLING CENTER	2,200
Pres San Fr	COMMISSARY	8,200
Georgia		
Ft Stewart	SKILL DEV CENTER-AUTO	2,050
Hawaii		
Schofld Bks	BOWLING CENTER ADDITION	1,800
Schofld Bks	YOUTH CENTER	3,650
Illinois		
Ft Sheridan	SHOPPING CENTER	2,850
Kansas		
Ft Leaven	OPEN DINING/OFF-ADD	880
Ft Riley	BOWLING CENTER ADDN	2,250

Kentucky		
Ft Knox	BRANCH EXCHANGE/GAS	690
Ft Knox	SKILL DEV CTR-AUTO	2,000
Ft Knox	OPEN DINING-NCO	1,300
Lex-Blue DA	COMMISSARY CONVERSION	750
Louisiana		
Ft Polk	GUEST HOUSE	3,200
Maryland		
Aberdeen PG	BRANCH EXCHANGE/GAS	610
Ft Ritchie	BOWLING CENTER ADDITION	1,050
Massachusetts		
Ft Devens	GUEST HOUSE	3,000
Missouri		
Ft Leo Wood	BRANCH EXCHANGE (REGIMENT)	770
New York		
Ft Drum	SHOPPING CENTER	7,300
Ft Drum	BOWLING COMPLEX	1,400
Ft Drum	YOUTH CENTER	3,080
Ft Drum	OUTDOOR EQUIP ISSUE CENTER	2,638
Ft Drum	ATHLETIC FIELDS	800
Ft Drum	SKILL DEVELOP/AUTO CRAFTS	2,746
Ft Drum	SKILL DEVELOPMENT CENTER	3,923
Ft Drum	OPEN DINING FAC ENLISTED	2,643
Ft Drum	COMMISSARY-LID	7,700
Seneca AD	SKILL DEVELOPMENT CTR	510
USMA	ATHLETIC FACILITY-ADDIT	1,150
North Carolina		
Ft Bragg	BRANCH EXCHANGE (CONV)	560
Oklahoma		
Ft Sill	GUEST HOUSE	3,150
Pennsylvania		
Carlisle Bk	COMMISSARY WAREHOUSE	1,150
South Carolina		
Ft Jackson	BRANCH EXCHANGE (REGIMENT)	830
Ft Jackson	YOUTH CENTER	1,950
Texas		
Ft Bliss	SPORTS FIELD COMPLEX	1,050
Virginia		
Ft Eustis	OPEN DINING/OFF-REN	1,350
Ft Lee	BOWLING CTR RENOVATION	670
Ft Monroe	BOWLING CENTER RENOV	730
Ft Myer	BOWLING CENTER	2,750
Ft Story	BOWLING CENTER	1,150
Worldwide Various		
Var WW Loc	FAST FOOD FACILITIES	32,000
	SUBTOTOTAL	141,950

Germany		
Germany	EXP/ALTER SHOPPING-FUERTH	9,100
Germany	EXP MAIN EXCH-BAD KRUZ	1,800
Germany	AUDIO/PHOTO CTR-MANN	1,700
Germany	EXP MAIN EXCHANGE-SWNFRT	2,550
Germany	COMMUNITY PARK-WORMS	600
Germany	BOWLING CTR-MCPHEETERS	900
Germany	BOWLING CENTER-MAINZ	2,600
Germany	BOWLING CENTER-KITZINGEN	3,200
Germany	REC FACILITY-GOEPPINGEN	2,750
Germany	BOWLING CENTER-FRIEDBERG	1,200
Germany	YOUTH CENTER-DEXHEIM	660
Germany	BOWLING CTR-DARMSTADT	2,600
Germany	BOWLING CENTER-BINDLACH	1,450
Germany	OUTDOOR REC CPLX-VILSECK	1,750
Germany	HAUSBERG SKI CENTER - AFRC	2,300
Germany	GUEST HOUSE-FRANKFURT	1,800
Germany	COMMISSARY-STUTTGART-PATCH	4,450
Germany	COMM/WHSE-STUTT-ROBIN BKS	6,000
Germany	COMMISSARY FUERTH	9,700
Italy		
Italy	OUTDOOR EQUIP CTR-VICENZA	600
Korea		
Korea	CAR CARE CTR-YONGSAN	1,700
Korea	BOWLING CTR-CP RED CLOUD	1,200
Korea	YOUTH CENTER-HIALEAH	650
Korea	MULTIPURPOSE FIELD-MARKET	620
Korea	ENTERTAIN WKSHP-STANLEY	750
Korea	MULTIPURPOSE FIELD-STANTON	610
Korea	BOWLING CENTER-CP HOWZE	900
Korea	BOWLING CTR ADD-CASEY	1,100
Korea	BOWLING CTR-CP HOVEY	1,000
Korea	REC BILLETING-CP WALKER	800
Korea	MULTIPURP FIELD-CASEY	1,000
Korea	BOWLING CENTER-GREAVES	1,100
Korea	COMMUNITY COMPLEX-YONGSAN	41,000
Korea	COMMISSARY - YONGSAN	11,400
	SUBTOTAL	121,540
	TOTAL ARMY	263,490

FY 1986
Navy

California		
NAVWPNCEN China Lake	Youth Center	1,084
NAS Miramar	Auto/Wood Hobby	1,541
Florida		
NAS Cecil Field	Youth Center	599
Hawaii		
NAS Barbers Point	Arts and Crafts Shop	1,637
Illinois		
NTC Great Lakes	Indoor Courts	606
	Navy Lodges	4,100
Maine		
NAS Brunswick	Auto Hobby Shop	1,200

Mississippi		
NCBC Gulfport	Navy Lodges	723
New Hampshire		
NAVSHIPYD Portsmouth	Auto Hobby Shop	637
Pennsylvania		
NS Philadelphia	Navy Lodges	2,900
Texas		
NAS Corpus Christi	Enlisted Mess	1,233
NAS Dallas	Bowling Center	1,123
NAS Kingsville	Navy Exchange	1,400
Virginia		
WPNSTA Yorktown	Bowling Center	1,008
NB Norfolk	Commissary Store	5,700
	Subtotal	25,491
Cuba		
NAVSTA Guantanamo Bay	Youth Center	1,233
Japan		
COMFLEACT Yokosuka	Indoor Courts	651
Philippines		
NAVSTA Subic Bay	Bowling Center Addition	1,227
	Amusement Center & Laundromat	600
UK (Scotland)		
WPNFAC Machrihanish	Bowling Center	624
	Subtotal	4,335
	Total - Navy	29,826

FY 1986
MARINE CORPS

North Carolina		
MCB Camp Lajeune	Exchange	1,197
	Enlisted Club	1,800
California		
MCB Cp Pendleton	Upgrade Main Exchange	2,000
	Auto Service Add	1,098
	Playing Courts	554
	Handball Courts	800
	E/NCO Club	535
MCRD San Diego	Exchange Warehouse	2,000
MCAS Tustin	Upgrade Exchange	574
MCAGCC 29	Branch Exchange	2,010
	Commissary Addition	3,200
Hawaii		
Kaneohe	Staff NCO Club	2,793
	Subtotal	18,561
Okinawa		
MCB Camp Butler	EM Club Add - Futenma	1,400
	Enlisted Club - Hansen	1,000
	SNCO Club Add - Courtney	600
	Bowling Ctr - Courtney	1,800
	EM Club Add - Camp Schwab	760
	Package Store	900

Japan		
MCAS Iwakuni	Enlisted Club Add	1,000
	Handball Courts - Fuji	500
	Subtotal	7,960
	Total - Marine Corps	26,521

FY 1987

California		
MCB Camp Pendleton	Youth Center	815
	Enlisted Club (Pulgas)	1,500
MCAGCC 29 Palms	Location Exchange (Wilson)	700
North Carolina		
MCB Camp Lejeune	Bowling Center	1,844
South Carolina		
MCRD Parris Island	Main Exchange Renov	1,800
	Subtotal	6,659
Japan		
MCB Camp Butler	Bowling Center (Futenma)	1,950
	Subtotal	1,950
	Total - Marine Corps	8,609

FY 1986
Air Force

Arizona		
Davis-Monthan AFB	Youth Center	1,200
Williams AFB	Convenience Store	630
California		
Castle AFB	Commissary Warehouse Addition	1,200
Mather AFB	Convenience Store	710
Colorado		
Peterson AFB	Main Exchange-Add/Alt	2,300
	Commissary	2,950
	Colorado	
AF Academy	Visitors Center	3,800
Florida		
MacDill AFB	Main Exchange - Add/Alt	510
Patrick AFB	Athletic Field	560
Tyndall AFB	Marina	660
Georgia		
Dobbins AFB	Exchange Shopping Ctr	1,800
Hawaii		
Hickam AFB	Branch Exchange-Add/Alt	1,200
	Youth Center	1,850
Maine		
Bangor IAP	Commissary	1,700
Maryland		
Andrews AFB	Commissary Addition	2,650
Massachusetts		
HANSCOM AFB	Credit Union	1,300
Minnesota		
Twin Cities AFS	Exchange Shopping Ctr	1,970
Mississippi		
Keesler AFB	Main Exchange - Add/Alt	1,750

New Mexico		
Kirtland AFB	Main Exchange - Add/Alt	3,000
Texas		
Bergstron AFB	Main Exchange-Add/Alt	2,200
	Commissary Addition	3,800
Carswell AFB	Main Exchange-Add/Alt	1,800
	Bowling Center-Add/Alt	1,150
Dyess AFB	Commissary Warehouse Add	1,450
Goodfollow AFB	Hobby/Auto Center	780
Randolph AFB	Main Exchange - Add/Alt	1,800
Utah		
Hill AFB	Shopping Center-Add/Alt	2,400
Virginia		
Newport News	Exchange Distrib Ctr	40,000
Washington		
Fairchild AFB	Shopping Center	5,100
	Branch Exchange	650
McChord AFB	NCO Club-Add/Alt	820
Wyoming		
F.E. Warren AFB	Construct Commissary	4,200
Various Locations	Burger King (44)	30,666
	Subtotal	128,556
Azores		
Lajes Field	Commissary	8,500
	Temp Lodging Fac	1,350
Germany		
Ramstein AFB	Main Exchange - Add/Alt	1,000
	Off Open Mess - Add/Alt	3,000
Rhein-Main AB	Auto & Crafts Dev Ctr	1,100
Sembach AB	Auto Skill Dev Ctr	800
	NCO Club - Add/Alt	1,300
Guam		
Andersen AFB	Skill Def Ctr	1,500
Italy		
Aviano AB	Concessions Mall	740
Japan		
Misawa AB	Bowling Center	3,600
Okinawa		
Camp Kinser	Cold Storage	1,700
Kadena AB	Four Seasons/Toyland	2,600
Philippines		
Clark AB	Softball Field Complex	730
United Kingdom		
RAF Alconbury	Youth Center	1,150
	Commissary	8,100
RAF Bentwaters	Main Exchange - Add/Alt	3,900
	Enlist Open Mess-Add/Alt	2,200
RAF Lakenheath	Auto Skill Dev Center	1,050
RAF Upper Heyford	Temp Lodging Fac	1,900
	Subtotal	46,220
	Total - Air Force	174,776

QUESTION: By installation and location, list each project to be funded in FY 1987 with NAF.

ANSWER: The attached listings identify projects to be accomplished in FY 1987:

FY 1987 Army

Alabama		
Ft McClelln	GUEST HOUSE	2,350
Redstne Ars	YOUTH CENTER	1,750
Arizona		
Ft Huachuca	RESURFACE RUNNING TRACK	530
Yuma PG	COMMISSARY	2,350
California		
Ft Irwin	SHOPPING CENTER	4,050
Ft Irwin	FAST FOOD FACILITY	1,150
Ft Irwin	SKILL DEVELOPMENT CENTER	1,200
Ft Ord	COMMISSARY ADDN	4,300
Colorado		
Ft Carson	BOWLING CENTER RENOV	1,150
District of Columbia		
W Reed AMC	COMMISSARY ADD	1,050
Georgia		
Ft Stewart	MULTIPURPOSE FIELDS	1,350
Hawaii		
Ft Shafter	BOWLING CENTER EXPANSION	2,650
Schofld Bks	SKILL DEV CENTER	3,500
Illinois		
Ft Sheridan	COMMISSARY	6,000
Kentucky		
Ft Campbell	SKILL DEVELOP/AUTO CRAFTS	1,200
Ft Campbell	BOWLING CENTER	3,250
Ft Knox	BRANCH EXCH (CONV)	940
Ft Knox	MINI MALL	1,300
Louisiana		
Ft Polk	MULTIPURPOSE FIELDS	1,400
Ft Polk	COMMISSARY WHSE-ADD/ALT	3,200
Maryland		
Aberdeen PG	YOUTH CENTER	2,450
Ft Meade	SKILL DEVELOP/AUTO CRAFTS	980
Maryland		
Ft Meade	YOUTH CENTER	2,600
Missouri		
Ft Leo Wood	COMMISSARY ADDITION	3,600
New York		
Ft Drum	BRANCH EXCHANGE (REG)	1,150
Ft Drum	FAST FOOD FACILITY	760
Ft Drum	MINI MALL	1,600

North Carolina		
Ft Bragg	FAST FOOD FACILITY	670
Ft Bragg	RACQUETBALL/ICE RINK	3,800
Oklahoma		
Ft Sill	BRANCH EXCH (CONV)/GAS	760
Ft Sill	SKILL DEVELOPMENT CENTER	2,650
Pennsylvania		
Carlisle Bk	SKILL DEV CTR/AUTO/A&C	1,750
Texas		
Ft Bliss	GUEST HOUSE	3,550
Ft Hood	BR EXCH (CONV)/GAS	1,050
Ft Hood	FAST FOOD FACILITY	820
Ft Hood	SKILL DEVELOP/AUTO CRAFTS	2,000
Washington		
Ft Lewis	YOUTH CENTER	2,500
	SUBTOTAL	77,360
Germany		
Germany	MAIN EXCH (RELOC)-BAD HRSF	730
Germany	BOWLING CENTER-VILSECK	4,200
Germany	YOUTH CTR-DARMSTADT(BAB)	640
Germany	YOUTH CTR-NEU ULM (VOR)	1,200
Germany	MULTI-PURP FAC-WILDFLECKEN	3,600
Germany	ROLLER RINK-HANAU	1,500
Germany	ATHLETIC FIELDS-AMBERG	830
Germany	BOWLING CENTER-BAD K	1,100
Germany	GUEST RM ALT-CHIEMSEE/LAKE	2,800
Germany	COMMISSARY-DEXHEIM	4,750
Germany	COMMISSARY-WUERZBURG	6,100
Germany	COMMISSARY-ZWEIBRUECKEN	7,600
Germany	COMMISSARY-GARLSTADT	7,000
Korea		
Korea	FRESH FOOD HOLD PLT-MARKET	2,350
Korea	MULTI-PURP FIELD - LONG	580
Korea	MULTI-PURP FIELD-CASEY	840
Korea	MULTI-PURPOSE FLD-CARROLL	1,150
Korea	OPEN DIN CONS/CL VI-MERCER	1,200
Korea	OPEN DIN CONSOL-CASEY(E)	2,550
Korea	OPEN DIN CONS-STANLEY	2,750
Korea	OPEN DIN CON/CLVI-CASEY(W)	2,800
Netherlands		
Netherlands	SHOPPING CENTER	870
Panama		
Ft Clayton	FAST FOOD FACILITY	1,540
	SUBTOTAL	58,680
	TOTAL ARMY	136,040

FY 1987
Navy

California		
NAVWPNCEN China Lake	Arts and Crafts Shop	684
NAVSTA Long Beach	Bowling Center	1,950
NAS North Island	Gold Clubhouse	2,288
NS San Diego	Commissary Store	6,900
OLF Imperial Beach	Navy Exchange	4,400
PMTC Point Mugu	Playing Fields	950
Connecticut		
SUBASE New London	Indoor Courts	980
Florida		
NAS Jacksonville	Navy Exchange	5,900
NAS Jacksonville	Commissary Addition	2,800
NAS Mayport	Bowling Center	1,100
NAS Pensacola	Youth Center	1,594
NAS Whiting Field	Navy Exchange	1,600
NTTC Pensacola	Bowling Center	3,030
Georgia		
NAS Atlanta	Indoor Courts	715
Hawaii		
NAVMAG Lualualei	Multi-purpose Recreation Fac	1,273
NAS Barbers Point	Convenience Store	1,750
Mississippi		
CBC Gulfport	Youth Center	1,186
New Jersey		
WPNSTA Earle	Bowling Center	870
NAEC Lakehurst	Bowling Center	1,024
Pennsylvania		
NAVSTA Philadelphia	Playing Fields	1,800
South Carolina		
NWS Charleston	Commissary Addition	1,400
Tennessee		
NAS Memphis	Bowling Center Addition	1,215
Texas		
NAS Corpus Christi	Gold Clubhouse	622
Virginia		
NAVSTA Norfolk	Bowling Center	2,723
NB Norfolk	Navy Lodges	7,400
NAS Oceana	Commissary Store	3,200
NSY Portmouth	Navy Exchange	2,900
	Subtotal	62,254
Bermuda		
NAS Bermuda	Enlisted Mess Annex	1,762
	Navy Exchange Convience Store	500
Cuba		
NS Guantanamo Bay	Navy Exchange	8,400
	Commissary Store	4,350
	Subtotal	15,012
	Total - Navy	77,266

FY 87
AIR FORCE

Alabama		
Maxwell AFB	Convenience Store	710

California		
Mather AFB	Fast Food	640
McClellan AFB	Credit Union	1,250
Colorado		
USAF Academy	Association of Graduates Bldg.	4,100
District of Columbia		
Bolling AFB	Commissary	7,100
Hawaii		
Hickam AFB	6 Lane Bowling Center Addition	1,100
Illinois		
Chanute AFB	Convenience Store	700
Mississippi		
Keesler AFB	Main Exchange Addition	2,950
Montana		
Malmstrom AFB	Commissary	6,500
New Hampshire		
Pease AFB	Temp Lodging Fac	1,050
New Mexico		
Kirtland AFB	Commissary	9,800
North Carolina		
Seymour Johnson AFB	Golf Course Clubhouse	750
South Carolina		
Myrtle Beach AFB	Golf Course Addition	980
Shaw AFB	Temp Lodging Fac	1,500
Texas		
Bergstrom AFB	Temp Lodging Fac	1,900
Waco	Distribution Center	22,600
Goodfellow AFB	Officers Club	1,850
	Commissary	4,100
	Main Exchange Addition	2,100
Reese AFB	Commissary	1,100
Randolph AFB	Temp Lodging Fac	1,000
	Subtotal	73,780
Belgium		
Florennes AB	Exchange Complex	3,770
	Auto Skill Dev Center	520
Germany		
Bitburg AB	Commissary	8,700
Sembach AB	Commissary Warehouse Addition	680
Guam		
Andersen AFB	NCO Club Addition	1,400
Italy		
Comiso	Main Exchange/Foodland	2,700
	Consolidated Open Mess	2,600
	Auto/Crafts Dev Center	780
Japan		
Misawa AB	Exchange Shopping Center	9,700
Korea		
Suwon AB	8 Lane Bowling Center	920
Okinawa		
Camp Foster	Convenience Store	1,000
Turkey		
Incirlik AB	Fast Food Facility	970
United Kingdom		
RAF Greenham Common	NCO Open Mess	3,750
RAF Lakenheath	Exchange Shopping Ctr Addition	6,000
Menwith Hill Station	Commissary	3,700
RAF Upper Heyford	Commissary	7,800
	Subtotal	54,990
	Total Air Force	128,770

QUESTION: By installation and location, list each project programmed to receive NAF in FY 1988 and FY 1989.

ANSWER: Review of the FY 1988 program is not yet complete. The FY 1988 NAF program will be submitted to Congress on 1 July 1987. The FY 1989 program is still under development.

QUESTION: What are the criteria for funding projects with NAF as opposed to Military Construction?

ANSWER: The criteria for funding projects with NAF as opposed to Military Construction is shown as Enclosure 4 to DoD Directive 1015.6, Funding of Morale, Welfare, and Recreation Programs attached:

Aug 3, 84
1015.6 (Encl 4)

DoD Funding Policy: Construction of Community Facilities

This policy prescribes a single source of funding for construction of community facilities in accordance with guidance provided in the Conference Report on the DoD Military Construction Authorization Bill for Fiscal Year 1980 (Pub. L. 96-125). Distinction is made for construction of facilities at new installations or where expansion is required because of a mission change or influx of new units or systems and in certain instances for support of U.S. Forces deployed in foreign areas, where DoD personnel do not have ready access to civilian community or commercial alternatives normally available in the United States. The footnotes to the funding chart reflect these distinctions. Additionally, it is recognized that from time to time Service-unique situations or exigencies that need immediate or more specific attention may require deviation or exception to the basic funding policy. These deviations or exceptions will be reviewed by the ASD(MI&L) and ASD(C) on a case-by-case basis.

	Fund Source	
Type of Facility	MILCON Appropriated[1]	Nonappropriated or Other
Gymnasium/Fieldhouse/ Physical Activities Complex	X	
Recreation Center/Day Room/ Multipurpose Recreational Facility	X	
Multipurpose Auditorium/ Theater	X	
MWR Administrative Office/ Supply Center	X	
Family Assistance/Service Center	X	
Child Care Center	X	
Swimming Pool	X	
Library	X	
Open Mess (Club)	X[2]	X
Exchange Resale Facility	X[3]	X
Exchange Logistical Facility	X[4]	X
Arts and Crafts/Automotive Self-Help Garage/Skill Development Center	X[5]	X
Bank	X[6]	X[7]
Credit Union		X[7]
Thrift Shop		X[7]
Commissary Facilities		X[8]
Book Store		X

Type of Facility	Fund Source: MILCON Appropriated[1]	Fund Source: Nonappropriated or Other
Package Beverage Store		X
Rod and Gun Club		X
Aero Club		X
Temporary Lodging Facility/ Guest House	X[9]	X
Cabin/Cottage/Recreation Site Lodge		X
Outdoor Recreation Pavilion Facility		X
Bowling Center		X
Skating Rink (ice or roller)		X
Youth Center		X
Playing Courts/Fields	X[10]	X
Golf Course/Facility		X
Riding Stable		X
Campground		X
Amateur Radio Facility		X
Bathhouse		X
Marina, Boathouse		X
Outdoor Theater		X
Bandstand		X

[1]Appropriated funds may be used for all community facility construction related to the establishment, activation, or expansion of a military installation or relocation of facilities for convenience of the government; replacement of facilities denied by country-to-country agreements; restoration of facilities destroyed by acts of God, fire, or terrorism; and to correct life safety deficiencies. In the case of installation "expansion," a major increase in authorized and assigned personnel strength over a short period of time is necessary before appropriated fund construction can be programed. Such expansion must be the result of a mission change or influx of new units or systems. For example, a 25 percent increase in a 1-year timespan satisfies these criteria. In contrast, personnel increases resulting from an evolutionary expansion occurring over several years does not satisfy these criteria.

[2]Consolidated open mess facilities (including modular construction) outside the United States.

[3]Exchange facilities required in areas of military conflict; or as integral parts of air terminal, hospital, housing or other construction projects.

[4]Exchange administrative/storage/maintenance facilities outside the United States and all laundries, dry cleaning plants, bakeries, dairies, or similar facilities operated by an exchange in support of a military mission.

[5]Arts and craft/automobile self-help garage/skill development centers outside the United States.

[6]Banks at locations where on-base banking services are required, but where the patronage base is insufficient to provide these services on a self-sustaining basis. (See DoD Instruction 1000.12 (reference (t)).

[7]Private funds.

[8]Surcharge trust funds.

[9]Authorized overseas where avoiding the expenditure of other appropriated funds (such as temporary lodging allowance, basic allowance for quarters, station housing allowance, and furniture support) would save appropriated funds.

[10]Playing courts and fields constructed as a part of a gymnasium, fieldhouse, or physical activities complex.

Nonappropriated Funds

QUESTION: List any project accomplished with NAF which had previously been denied by Congress.

ANSWER: The following projects were previously denied by Congress in the military construction program. Several were denied more than one time:

		Denied (FYs)
Germany		
Vilseck	Commissary*	87
	Post Exchange*	87
Beligum		
Florennes	Commissary*	87
	Exchange*	84, 87
	Automotive Skill Dev Center*	87
	Consolidated Open Mess*	84, 85, 86
Italy		
Comiso	Combined Arts & Crafts/ Auto Skill Dev Center	84, 87
	Consolidated Open Mess	84, 85, 86
	Consolidated Main Exchange Foodland	83, 84, 86

* These are proposed for NAF funding.

COMMANDER'S FLEXIBILITY

Question: Provide for the record a copy of Secretary Taft's new directive which gives installation commanders more authority to accomplish their mission.

Answer: DoDD 4001.1 attached.

Question: How will this directive impact upon construction planning and execution?

Answer: DoDI 4270.5, currently being revised, assigns responsibility for design and construction management. If the revisions are adopted they will have an impact on construction planning and execution in that they will offer the installation commanders the option of managing design and construction of any project costing less than $2 million. This change effects about half of all MILCON projects but only 10 percent of the construction budget. Larger projects will still be handled by the Army Corps of Engineers or NAVFAC. It is true that the installation commanders and their staffs will have more oversight on architectural schemes and establishing priorities on proposed construction projects.

Department of Defense
DIRECTIVE

September 4, 1986
NUMBER 4001.1

ASD(A&L)

SUBJECT: Installation Management

References: (a) Deputy Secretary of Defense Memorandum 26 March 1986, Subject: Defense-wide Application of the Model Installation Management Approach

A. PURPOSE

This Directive establishes the DoD installation management policy.

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, and the Defense Agencies (hereafter referred to as "DoD Components").

C. POLICY

1. The Commanding Officer of an installation is responsible for accomplishing the mission assigned to the installation, and should be delegated broad authority to decide how best to accomplish the mission, and is accountable for all resources applied to the mission.

2. Headquarters staff activities shall be directed toward facilitating any installation commander's ability to accomplish the mission. Regulations that limit installation commanders' freedom to do their jobs are contrary to the basic DoD installation management policy, and shall be cancelled or revised. Exceptions should be rare.

3. Except where required to preserve essential wartime support capability, or constrained by law or federal regulation, installation commanders shall be free to purchase goods and services wherever they can get the combination of quality, responsiveness, and cost that best satisfies their requirements.

4. Unless prohibited by law, a share of any resources saved or earned at an installation should be made available to the installation commander to improve the operations and working and living conditions at the installation.

D. RESPONSIBILITIES

Heads of DoD components shall ensure that all regulations for which they are responsible comply with the policies contained in this Directive. The DoD Inspector General shall review and report compliance with these policies.

E. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense (Acquisition and Logistics) within 120 days.

William H. Taft, IV
Deputy Secretary of Defense

6-8063

Quarters Cleaning

Question. It is our understanding that the Services are having success with a test program whereby the government contract cleans quarters as a part of change of occupancy maintenance in overseas areas. Could you please provide the OSD policy on this test initiative?

Answer. The Department of Defense has a program to test partial cleaning of government quarters as part of routine change of occupancy maintenance. Office of the Secretary of Defense (OSD) policy on this initiative is to test sensible cleaning criteria for housing occupants. The intent is to develop standards for protecting government property while removing the irritant caused by unnecessary or unreasonable cleaning rules.

Question. When will test results be made available? Are you planning to implement this policy at all overseas locations if the test is a success?

Answer. The test results are very favorable. Families can now remain in their homes until just before departure to the next duty station. This means neighbors can help with child care and car pooling, the service member remains on the job longer, and, in overseas areas, the government's Temporary Lodging Allowance (TLA) is lower. Military families must still clean their stoves and refrigerators, sweep the floors, remove grease and other such reasonable requirements. However, now after maintenance crews perform minor repairs and routine maintenance, a custodial team spruces up the house to an excellent condition for the new occupant. The Secretary has authorized implementation of this initiative at the discretion of commanders for fiscal year 1987.

Question. It is also our understanding that, at the test sites, there are overall savings to the government as a result of lower Temporary Lodging Allowance (TLA) payments to soldiers and families as they depart on Permanent Changes of Station (PCS) moves. Could you please provide the savings at the test locations and projected savings if implemented at all overseas locations?

Answer. Test results at overseas locations do indicate a direct overall savings to the government as a result of lower Temporary Lodging Allowance (TLA) payments. The results vary by location; however, the military communities in Hanau, Germany, RAF Lakenheath, United Kingdom, and the Naval Station, Rota, Spain report a total six-month's savings of $188,000 after considering the cost of custodial services. The Department has not projected the savings at all overseas locations. In general, it appears the custodial service charge is about 50 percent of the TLA cost avoidance.

Question. Could you implement this initiative at all overseas locations in fiscal year 1988? If so, what changes in law or budget would be necessary?

Answer. Yes, the initiative can be implemented in fisccal year 1988. A change in law is not necessary. The Department has not yet determined whether a budget change will be necessary.

Pentagon Annex

Question: Is the Department of Defense proposing to initiate design of the Pentagon Annex during fiscal year 1988?

Answer.

Yes, the Department of Defense is proposing to initiate design of the Pentagon Annex during FY 1988. However, DoD has not programmed design funds in FY 1988 for the Pentagon Annex; because of the language restricting use of design funds on the Pentagon Annex contained in the 1987 Military Construction Authorization Act. The Department believes that it is in the best interest of the Government to start design at the earliest possible date for development of a program to acquire government owned facilities which would alleviate a dependancy on leased space.

Furthermore, as long as the Pentagon is under the jurisdiction of the General Services Administration (GSA) the Department has been led to believe that the use of Milcon funds for the Pentagon Annex would not receive favorable consideration in the Congress.

These issues are addressed this year. The Department has requested in the Military Construction Authorization Act for FY 1988 and 1989, the elimination of the restrictive language, and on 5 March 1987, as a drafting service provided the Chairman, Subcommittee on Military Installations and Facilities, language that would transfer custody and control of the Pentagon Reservation from GSA to DoD.

Question:

What are the total design costs associated with the project?

Answer.

A preliminary estimate of the design costs associated with the project is $25 million. This estimate would become more definitive as planning and design programs progress.

Question:

Briefly describe the Pentagon Annex Master Plan.

Answer.

The Master Plan for the Pentagon Complex has

not been completed by the General Services Administration (GSA); however, based upon the analysis contained in the Master Plan Tech Report which has been completed a refined concept for the complex supported by the Department of Defense presently consists of:

Two crescent shaped interconnected buildings totalling approximately 3,000,000 net square feet to accommodate 18,500 employees with 6,000 below grade parking spaces. The new complex will have a below grade connection to an expanded Pentagon Metro-rail station and will be located in the table land, south parking.

The buildings are conceived to be five stories above grade and two stories below. The height will not exceed the height of the Pentagon. There will also be two to three levels of parking with 6,000 spaces below grade. As presently conceived, parking controlled by DoD will increase by about 2,500 spaces while total parking at the Pentagon will increase by about 1,200 spaces. The plan also proposes a service and receiving building on the south side of Shirley Highway.

Question:

What is the estimated cost of construction?

Answer.

Listed below is a preliminary estimate for implementing the Pentagon Complex Master Plan. This preliminary estimate will be refined and may be modified as the Master Plan is completed and actual design of new facilities proceeds, especially since it is based on early studies which lack the detail necessary for a definitive construction estimate.

PRELIMINARY COST ESTIMATE
PENTAGON COMPLEX MASTER PLAN
PENTAGON ANNEX

PENTAGON ANNEX	Cost
Basic Building	
Site Prep @ Buildings	$2,300,000
Landscaping @ Buildings	880,000
Multi Story Office Buildings	317,980,000
Parking Structure @ Buildings	62,440,000
	383,600,000
A-E Fee @ 5.0%	19,200,000
SUBTOTAL	$402,800,000

Building Support	
Remainder of Parking Under Basic Building	$18,600,000
Retail (SPEC)	7,500,000
Utilities	9,425,000
A-E Fee @ 5.0%	1,775,000
SUBTOTAL	37,300,000
Contingencies	10,000,000
TOTAL PENTAGON ANNEX	$450,300,000

PENTAGON COMPLEX IMPROVEMENTS

Transportation Improvements	
Remove Road on Grade	$ 515,000
Remove Structured Road	1,350,000
Road on Grade	6,500,000
Road Structured	9,375,000
Metro Mezzanine	5,000,000
Metro Escalators/Access	15,000,000
Deck Over Bus Area	4,000,000
A-E Fee @ 5.0%	2,100,000
SUBTOTAL	42,840,000
Contingencies	1,160,000
TOTAL TRANSPORTATION	$45,000,000

Service Building (Pentagon Modernization)	
Building	$19,000,000
A-E Fee @ 5.0%	975,000
TOTAL SERVICE BUILDING	$20,475,000
GRAND TOTAL PENTAGON COMPLEX	$515,775,000

Question:

Are construction funds already programmed in the five-year defense plan?

Answer.

No. The programming of construction funds has been held in abeyance.

Question: Does GSA currently "own" the existing Pentagon Complex?

Answer.

Yes. The Pentagon Reservation, pursuant to several provisions of law, including the First Supplemental National Defense Appropriations Act of 1942, Reorganization Plan No. 18 of 1950, the

Federal Property and Administration Services Act of 1949, and the Public Buildings Act of 1959, as amended, is under the custody and control of the General Services Administration.

Question:

Why shouldn't the General Services Administration, therefore, build and manage the proposed Pentagon Annex?

Answer.

In discussions with senior officials of the General Services Administration (GSA), they have indicated that under the current and projected resources available in the Federal Buildings Fund, it would be infeasible for them to fund either the Annex Project or modernization of the Pentagon. Furthermore, GSA is implementing a Delegation of Authority program where agencies occupying GSA buildings are delegated from the Administrator, the authority and responsibility for the day to day management of the building.

In view of these two items, the lack of resources in the Federal Buildings Fund and the delegation of management of the Pentagon to the Department of Defense, we believe that rather than the half measure that would result from a GSA building managed by DoD with GSA oversight, the reservation should be fully transferred to the Department of Defense. This is especially true since GSA control would still require that the much needed Annex project, as well as a complete modernization of the Pentagon would have to compete for the limited resources of the Federal Buildings Fund. Should this transfer occur, it would then be the Department of Defense's responsibility to fund the much needed modernization and new construction actions out of the Military Construction Program.

TWO-YEAR BUDGETS

Question. The DoD has submitted for the first time a two-year military construction budget. How realistic are the FY 1989 estimates?

Answer. For projects that were not at 35 percent design level at the time of budget submission, costs were developed using a combination of approved OSD cost guides or local historical cost data adjusted by appropriate cost escalation, area cost, and building size factors; site visit teams; scope and cost questionnaires; cost modelling; and recent bid experiences. Normally, estimates based on these factors are within a range of ± 10 percent of the cost estimate developed later at the 35 percent design point.

Question. List each project by Service and Agency requested for FY 1989 which has achieved 35 percent design.

Answer. The attached list of projects in the FY 1989 request are designed to 35% or more:

(CLERK's NOTE: The data from the working file relating to the Department of the Army is classified and has been retained in the subcommittee files.)

FY 89 - NAVY

35% Design or Greater

P-NO	ACTIVITY		DESCRIPTION
099	Barstow MCLB	CA	Tracked Vehicle Test Track
970	Camp Pendleton MCB	CA	Ammo Segregation Fac
342	China Lake NWC	CA	Detection Systems Lab Addn
078	Coronado NAB	CA	Operational Storage Warehouse
473	El Toro MCAS	CA	Arming/Disarming Pad
071	Monterey NPGS	CA	Steam Plant Improv
108	Oakland NSC	CA	Gas Cylinder Storage
381	Port Hueneme NCBC	CA	War Reserves Warehouse
431	Port Hueneme NCTC	CA	Auto Veh Maint Fac
436	Port Hueneme NCTC	CA	Seabee Training Building
247	San Diego NLSO	CA	Naval Legal Service Bldg
093	San Diego NOSC	CA	C3/Surv Integrat Lab
181	San Diego NSGD	CA	Classified Matls ISS Off Ad
320	San Diego NTC	CA	Apprentice Training Building
116	San Diego PWC	CA	Elec Dist Upgrade (NOSC)
012	San Diego SIMA	CA	Shore Int Maintenance Fac
069	San Francisco PWC	CA	Electric Power Imprv
138	Seal Beach NWS	CA	Missile Magazine
156	Tustin MCAS	CA	Ground Support Equipment Shop
053	Twentynine Palm MAGCC	CA	Small Arms Range Improv
423	Twentynine Palm MAGCC	CA	Elec/Comm Maint Shop
385	Groton NSGA	CT	Elec Maint Shop Mods
377	New London NSB	CT	Boiler Plant Mods
174	New London NSS	CT	Oper Trainer Facility
099	Pensacola NTTC	FL	Administrative Fac Modn
250	Albany MCLB	GA	Painting Facility
315	Albany MCLB	GA	Tank & Auto Test Track
127	Honolulu NAVCAMS	HI	Antenna Safety Imprv
404	Kaneohe MCAS	HI	Maintenance Hangars Mods
460	Kaneohe MCAS	HI	Elect & Comms Maint Shop
492	Kaneohe MCAS	HI	Airfield Pavements Improv
106	Pearl Harbor NSC	HI	Haz/Flam Storage Facility
419	Great Lakes NTC	IL	Chapel
064	Indian Head NOS	MD	Mess Hall
809	Camp Lejeune MCB	NC	Mech. Training Building
663	Camp Lejeune MCB	NC	Mess Hall
852	Camp Lejeune MCB	NC	Child Care Center
811	Camp Lejeune MCB	NC	Electrical System Impr
846	Cherry Point MCAS	NC	Child Care Center
099	Mechanicsburg NSPCC	PA	Admin Office
354	Beaufort MCAS	SC	Child Care Center
340	Charleston NWS	SC	Fleet Ballistic Missile Fac
732	Charleston NWS	SC	Inert Storage Facility
748	Charleston NWS	SC	Torpedo Maintenance Facility
801	Charleston NWS	SC	Vertical Launch Missile Fac
102	Memphis NAS	TN	Aviation Support Trng Fac
613	Camp Elmore MCCD	VA	Maintenance Facility
943	Dam Neck FCTC	VA	Base Operations Center
241	Norfolk NARF	VA	Material Standards Lab
519	Norfolk NAS	VA	Maintenance Hangars
645	Norfolk NS	VA	Legal Services Building Addn
406	Norfolk NSC	VA	Storage Shed & Issue Facility
844A	Norfolk PWC	VA	Central Steam Plant Imprv
718	Oceana NAS	VA	Squadron Training Bldg Addn
725	Oceana NAS	VA	Aircraft Spares Stor. Addn
200	Oceana NAS	VA	Range Ops Center
614	Oceana NLSO	VA	Legal Sevices Offices
943	Williamsburg NCS	VA	Municipal Sewer Con.
140	Bangor NS	WA	Security Building
117	Everett NS	WA	Security/fire Station
121	Everett NS	WA	South Marginal Wharf
905	Everett NS	WA	Dredging, Outer Harbor
127	Everett NS	WA	Port Services/PW Facility
145	Everett NS	WA	NTCC
306	Keyport NUWES	WA	Target and Range Fac (NI)
309	Keyport NUWES	WA	Fire Station
(OUTSIDE THE UNITED STATES)			
103	Guam NSD	GU	Transit Shed
144	Guam PWC	GU	Boiler Safety Imprv
122	Naples NSA	IT	Aircraft Parking Apron
126A	Naples NSA	IT	C3I Complex
119	Naples NSA	IT	Cold Storage Facility
120	Sigonella NAS	IT	Aircraft Parking Apron
849	Camp Butler MCB	JA	Elect & Comms Maint Shop
545	Iwakuni MCAS	JA	High Explosive Magazines
518	Rota NCS	SP	Operational Storage

FY 89 - AIR FORCE

35% Design or Greater

STATE	BASE	TITLE
ALABAMA	GUNTER	PRECISION MEASUR EQUIP LAB
	GUNTER	VISITING OFFICER QUARTERS
	MAXWELL	ALT SOS STUDENT QUARTERS-PH I
	MAXWELL	FIRE STATION
ALASKA	EIELSON	SQUADRON OPERATIONS FACILITY
	EIELSON	UPGRADE QUARRY HILL ROAD
	EIELSON	ALT UNACC ENL PERS HSG
	ELMENDORF	FIRE PIT & RESCUE TRNG AREA
	SHEMYA	ADAL BASE CIVIL ENGRG COMPLEX
	SHEMYA	ADAL ACFT SUPT EQUIPMENT SHOP
ARKANSAS	LITTLE ROCK	ADAL EXPLOSIVES DISPOSAL FAC
CALIFORNIA	CASTLE	UNACCOMP ENLISTED PERS HSG
	EDWARDS	ADAL FLT TEST MISSION CONTROL
	EDWARDS	ALT AUDIOVISUAL SERVICE CENTER
	GEORGE	REPL RUNWAY AND UPGR LTG SYS
	MARCH	ADAL UNACCOMP ENLIST PERS HSG
	MCCLELLAN	FIRE SPRINKLER SYSTEMS
	MCCLELLAN	VEHICLE REFUELING STATION
	MCCLELLAN	ENGINE MAINTENANCE FACILITY
	VANDENBERG	VEHICLE MAINTENANCE COMPLEX
COLORADO	USAF ACADEMY	ADAL BASE CIVIL ENGRG FAC
	USAF ACADEMY	ADAL COMMUNITY CENTER GYM
FLORIDA	AVON PARK	UNACCOMP ENLISTED PERS HSG
	BASE 35	F-16-HYDRAZINE STOR & SERV FAC
	EGLIN 9	COMBAT CONTROL TEAM SQ FCLTY
	EGLIN 9	ADD TO VEHICLE MAINTENANCE FAC
	EGLIN	ADAL CORROSION CONTROL FAC
	EGLIN	ALTER UNACC ENL PERS HSG
	HOMESTEAD	ALERT SHELTER COMPLEX
	MACDILL	BASE CONTRACTING FACILITY
GEORGIA	ROBINS	ADAL ENGINEERING TEST FACILITY
	ROBINS	ADAL WEAPONS SYSTEMS SUPT CTR
ILLINOIS	SCOTT	RAPCON FACILITY
	SCOTT	IN-FLIGHT KITCHEN
MASSACHUSETTS	HANSCOM	SYS MGMT ENGINEERING FAC-DRA
MICHIGAN	WURTSMITH	KC-135-CPT SUPPORT FACILITY
NEBRASKA	OFFUTT	PHYSIOLOGICAL TRAINING FACIL
NEW HAMPSHINE	PEASE	ADAL COMBAT ARMS TRNG/MAINT FA
NEW JERSEY	MCGUIRE	SECURITY POLICE COMPLEX
	MCGUIRE	ADAL COMMAND POST
NEW MEXICO	CANNON	ACFT FUEL SYSTEM MAINT DOCKS
	KIRTLAND	IMPROVE FAM HSG (HISTORIC FAC)
NORTH DAKOTA	GRAND FORKS	OTH-B OPERATIONS BUILDING
	GRAND FORKS	ALT UNACCOMP ENLISTED PERS HSG
	MINOT	COMMUNICATIONS FACILITY
OHIO	WRIGHT PATTERSON	ADAL ACFT SYS ENG FAC
OKLAHOMA	TINKER	SECURITY POLICE OPERATIONS FAC
	TINKER	CONSOL FUEL CONTROL TESTS
TENNESSEE	ARNOLD	ALTER STEAM PLANT
TEXAS	BERGSTROM	ACFT GEN PURP MAINT SHOPS
	DYESS	AIRCRAFT CORROSION CONTROL FAC
	DYESS	CONTROL TOWER
	KELLY	ADD TO HAZAR MATERIAL STOR FAC
	RANDOLPH	STUDENT OFFICER HOUSING
UTAH	HILL	NONDESTRUCTIVE INSPECTION FAC
	HILL	COMBAT LOGISTICS SUPPORT FAC
	HILL	ADAL METAL PROCESSING SHOP
WASHINGTON	FAIRCHILD	KC-135-CPT SUPPORT FACILITY
	MCCHORD	DINING HALL
	MCCHORD	ALTER UNACCOMP ENLIST PERS HSG

FY 89 - AIR FORCE

35% Design or Greater

STATE	BASE	TITLE
GERMANY	EINSIEDLERHOF	ALT VISITING OFFICER QUARTERS
	HAHN	ALT LAUNCH & RECOVERY SURFACE
	HAHN	REFUELING VEHICLE PARKING AREA
	HESSISCH	SECURITY POLICE OPS FACILITY
	LAHR	CW PROTECT-SQUADRON OPS FAC
	PRUEM	OPERATIONS FACILITY
	RAMSTEIN	MUNITIONS TRAILER MAINT FAC
	RHEIN MAIN	ADAL SQUADRON OPS FACILITY
	SPANGDAHLEM	SECURITY POL OPS FAC
	SPANGDAHLEM	POST OFFICE
	SPANGDAHLEM	FIELD TRAINING FACILITY
	SPANGDAHLEM	COMBAT ARMS TRAINING FACILITY
GREENLAND	SONDRESTROM	SUPPLY STORAGE AREA
ITALY	AVIANO	UNACCOMP ENLISTED PERS HSG
JAPAN	KADENA	JET FUEL STORAGE (JP-4)
	YOKOTA	JET FUEL STORAGE
KOREA	KUNSAN	AIRCRAFT MAINTENANCE UNIT FAC
	KWANG-JU	ADAL VEHICLE MAINTENANCE FAC
	CAMP HUMPHREYS	UNACCOMPANIED PERSONNEL HSG
	OSAN	WAR READINESS MATERIEL WHSE
PANAMA	HOWARD	ALT UNACC ENL PERS HSG
SPAIN	TORREJON	AIRCRAFT MAINTENANCE COMPLEX
	TORREJON	ACFT CORR CONTROL FAC
	TORREJON	LATERAL TXWY & HOT CARGO PADS
	ZARAGOZA	AEROSPACE SUPPORT EQUIP SHOP
TURKEY	PIRINCLIC	CONSOLIDATED SUPPORT CENTER
UNITED KINGDOM	ALCONBURY	CW PROTECT-SQUADRON OPS FAC
	ALCONBURY	ALT UNACC ENL PERS HSG
	BENTWATERS	RECREATION CENTER
	BENTWATERS	CENTRAL POST OFFICE
	BENTWATERS	CHAPEL
	FAIRFORD	UPG WATER STORAGE & DISTR SYS
	GREENHAM	FIRE STATION
	GREENHAM	UNACC ENL PERS HSG
	LAKENHEATH	SEMIHARDENED TELECOM FAC
	LAKENHEATH	UNACCOMP ENLISTED PERS HSG
	LAKENHEATH	CW PROTECT-SQUADRON OPS FAC
	MILDENHALL	UPG WATER STORAGE & DISTR SYS
	MILDENHALL	ADAL SEWAGE TREATMENT PLANT
	WELFORD	MUNITIONS STORAGE IGLOOS

Two Year Budgets

Question: Provide the number of projects proposed for each service and the defense agencies in FY 1989.

Answer: More than 1300 discreet Military Construction projects have been proposed for FY 1989. This number does not include lump sum appropriations (i.e. Family Housing Improvements, etc.).

Army	242
Navy	297
Air Force	390
Defense Agencies	88
Guard and Reserve	340
	1,357

Question. What are the benefits of a two year budget process?

Answer. Projects for the second year are identified earlier and design can begin sooner. Cost estimates for the projects should improve and execution of the approved program may be accelerated.

Question. What potential problems are posed by a two-year budget process?

Answer. As the budgeting timeframe extends, the estimates for project cost become less accurate. This coupled with the stringent reprogramming procedures imposed by the Committees could result in an increase in prior approval reprogramming requests. Overall, however, the Department feels that the benefits derived by biennial budgeting far outweigh any minor technical difficulties that could be encountered.

WAIVER OF LIMITATIONS ON LEASES

Question. You have proposed new legislation (Sec. 801) that would allow the Secretary to waive the limitations currently imposed on real property leases. Why does the Department wish to lease facilities at will even though it could cost more to lease and renovate than to build new?

Answer. The Department of Defense does not intend to lease facilities indiscriminately at above-market rental rates or to make excessive improvements to rented facilities. The proposed legislation would enable the Services to continue responding to unique stateside leasing needs during peacetime in order to meet crucial mission requirements. We currently exercise this authority under a statute originally intended for use only in wartime, 40 USC 278a. When Congress passed the National Emergencies Act in 1976, they saved that statute from repeal in the expectation that it would soon be replaced by permanent authority. The proposed legislation is that replacement. It will regularize, but not change, existing practice.

Question. Provide a complete list of all facilities leased in Europe and the cost of each lease.

Answer. A listing of facilities leased in Europe is attached. (CLERK's NOTE: Because of the voluminous nature of the facilities listing, the material has been retained in the subcommittee files.)

Question. Provide specific examples of facilities to be leased where you would want to pay annual rental in excess of 15 percent of the fair market value.

Answer. At the present time, the Department is not contemplating leasing any facilities where the annual rental is in excess of 15 percent of the fair market value of the property. However, the possibility cannot be ruled out.

Question. Provide specific examples of facilities you would want to lease that would require more than 25 percent of the first year's rent to alter, improve, or repair.

Answer. Examples where alterations expenditures have exceeded 25 percent of the annual rental for leased operational facilities follow:

a. In April 1983, the Army leased 3,972 square meters of space in Frankfurt for banking facilities at an annual rental of DM 629,532. Initial alterations amounted to DM 2.25 Mil. The bulk of this amount was required to facilitate computer equipment installation.

b. In March 1985, the Army acquired a 2,900 square meter administration facility in Heidelberg to reduce the Headquarters space shortfall at an annual rental of DM 612,000. Initial alterations, which consisted primarily of interior partitioning and electrical wiring for computer operations, amounted to DM 528,000.

c. The Air Force has made improvements in leased space at commercial airports that serve as hubs for chartered military passenger flights going overseas such as St. Louis International Airport. In these cases improvements consist of baggage handling equipment which is expensive, relative to the minimal counter and administrative space normally leased.

Question. Are these leases paid from operations and maintenance funds?

Answer. Rentals for leased operational facilities are paid from operations and maintenance funds.

ENCROACHMENT ON INSTALLATIONS

Question. You have proposed legislation (Sec. 815) that would allow you to expend funds to assist local communities in the development of comprehensive land use plans, supposedly to help prevent encroachment. Do you envision giving funds to local communities in Europe?

Answer. No. DoD does not envision giving funds to local communities in Europe. The proposed program to address community encorachment problems would be limited entirely to communities in the U.S.

Question. What type of funds would you use for this endeavor?

Answer. Existing Operations & Maintenance resources would be used to support this new encroachment initiative, principally from O&M Defense Agencies for the Office of Economic Adjustment. Within the statutory ceiling of $2 million under 10 USC 2391 for all DoD community planning assistance, some of the individual community encroachment problems may be so serious as to require the Military Departments to use their O&M resources as well. The proposed program would be implemented with existing resources and no new appropriations would be required.

Question. How much money can you provide annually to communities?

Answer. The statutory ceiling (10 USC 2391) on all DoD community planning assistance is $2 million annually -- including planning assistance for base closures, abrupt contract terminations, and growth impacts from major new military installations. In practical terms, the individual community grants have been limited in the range of $50,000 to $70,000 each with the further provision for community cost sharing on the encroachment studies. This cost-sharing approach has proven to be an effective means for addressing difficult encroachment and land use problems jointly with the affected community at minimal cost burden.

Question. List the communities in FY 1988 that would be the beneficiaries of this authority.

Answer. Community encroachment problems would be addressed on a competitve basis, based on the seriousness of the problem and the recommendations of the Military Departments. Among the more difficult problems identified by the Military Departments to date are (listed alphabetically by state and location): San Diego, CA. (NAS Miramar); Jacksonville, FL (NAS Jacksonville and Mayport Naval Station); Claiborne, LA. (Claiborne Air to Ground Range); Melrose, NM. (Melrose Air to Ground Range); and San Antonio, TX (Kelly AFB).

Premobilization Construction Authority

Question. Mr. Stone, please give the Subcommittee details on the premobilization construction authority which would allow the Secretary of Defense to use unobligated military construction funds for up to $100 million to support mobilization prior to formal declaration of war or national emergency.

Answer. The premobilization construction authority requested would be commensurate with the authority of the Secretary of Defense to call up selected reserves without a declaration of a national emergency or war.

Question. It is my understanding that the Congress has been very diligent in recent years to use any unobligated balances as general reductions to the annual appropriation. I believe that during the past several years, approximately $750 million plus of military construction was accomplished without adding "new" funding for the projects.

Just what kind of facilities for "premobilization" are we speaking of here.

Answer. This requested authority would be used to house and mess selected reserve troops that might be called up by the Secretary of Defense under the authority of 10 United States Code 673(b).

Questions Submitted by Senator Reid

Question. In last year's Senate report on the Military Construction Appropriation Bill the issue of "packaging of contracts overseas" was addressed. Today, however, I'm interested in another facet of that issue: "packaging of contracts for construction within the United States." Can you tell me how much packaging of military construction projects within the United States currently takes place?

Answer. In Fiscal Year 1986, the Services packaged 45 projects into 18 contracts.

Question. Because of the competition in Contracting Act of 1984, DoD is required to support "full and open competition" in its procurement activities. When a project is needed by DoD, what kind of effort is made to ensure that it is not initially designed or packaged to exclude small businesses from a full and open opportunity to competitively bid?

Answer. Within the Department, there are few projects that are not pursued using full and open competition. Small businesses are rarely excluded from competing. In fact, contracting officers are required to set aside for small business those solicitations for construction contracts for which sufficient competition is anticipated from small business alone.

Question. Are you familiar with the term "prime contractor" as the term is used in Government contracting? (A prime contractor is the single contractor primarily responsible for the successful completion of a project, is not a subcontractor but is in charge of the project.)

Answer. Yes. The prime contractor in a government contract is the party who signs the contract with the government and is the only entity with whom the government has a contractural relationship on that particular contract.

Question. Can you tell me what dollar amounts do small businesses have as the prime contrctors on Government construction contracts as opposed to being subcontractors?

Answer. In Fiscal Year 1986, the Services awarded more than $4 billion in construction contracts to small businesses as prime contractors. It is not possible to provide accurate construction dollar amounts awarded to small business subcontractors since the Services do not collect subcontracting data in the same manner. However, using available data, it is estimated that prime contractors who were required to report subcontracting data awarded from 30 to 40 percent of their subcontract dollars to small businesses.

Question. Are you familiar with the term "bid-broker" (this is a wheeler-dealer firm that bids and wins a government contract, subcontracts out the bulk of the work, but keeps the bulk of the profits. This type of firm represents an unnecessary overhead cost

in Government contracts. They not only cost the Government more money for unnecessary expertise, they also deny the small businessman an opportunity to make a fair and reasonable profit, since this middleman "bid-broker" keeps the lions share of the profits).

Answer. Yes. A 'bid broker" is generally considered a prime contractor who submits a bid for the work but does none of the work with his employees. Rather, he subcontracts all the work. In Government construction contracting, bid brokering is prohibited by the Defense Supplement to the Federal Aquisition Regulation which requires a construction contractor to perform not less than 15 percent of the contract work on housing projects and not less than 20 percent of the contract work on other projects. Consequently, the Department's prime contractors have a vested interest in each construction project. Many prime contractors do subcontract for various aspects of a project, but the prime contractor remains responsible to the government for the successful completion of the project in accordance with the the government's specifications. The prime contractors also perform an extremely valuable service for the government by coordinating the efforts of all subcontractors and trades. If the government was to assume this responsibility, the number of government contract administration personnel and construction inspectors would increase dramatically, and it safe to assume that project costs would increase. Accordingly, I believe it is inaccurate to assert that prime construction contractors cost the government more money for unnecessary expertise. The terms of the contract between the prime and his subs are not open to government scrutiny since they are a private matter between the parties. Therefore, it is not possible to comment on the allegation that a prime, who might be termed a "bid-broker," keeps the bulk of the profits. However, it is prudent to suggest that the prime and his subs would strive to strike an acceptable balance of profits during the negotiation of their contract.

Real Growth by Service/Agency

Question. After you take inflation and foreign currency costs into account, what kind of increase over last year is being requested in each of the Service accounts?

Answer: To determine the increase, the additional dollars needed to fund our overseas activities, based on April 1987 exchange rates, was added to each Service account already adjusted for inflation.

MILITARY CONSTRUCTION APPROPRIATIONS*
Comparison with Previous Years
Constant FY 1988 - Dollars in Millions

	ARMY	NAVY	AIR FORCE	DEFENSE AGENCIES**	DOD TOTAL***
FY87	3189	2200	2343	569	8301
Foreign Currency Costs	189	19	100	21	329
Adjusted FY87 Total	3378	2219	2443	590	8630
FY 88	3419	2717	2668	879	9683
% Increase FY87-88	1	22	9	49	12

* Includes Family Housing O&M.
** Includes funds transferred from Service to Agency accounts to cover hospital and medical facilities.
*** Does not include NATO Infrastructure Account.

Question. You indicated that several of the committees in the Congress had requested the Military Services package their U.S. contracts last year. Please tell the names of those committees, the names of the Senators or Congressmen who made the requests, and what day the requests were made.

Answer. During the Fiscal Year 1987 Military Construction Overview Hearing before the House Subcommittee on Military Construction Appropriations on February 19, 1986, Representative Eldon Rudd (R,AZ) and Dr. James P. Wade, Jr., Assistant Secretary of Defense for Acquisition and Logistics discussed packaging. In response to questions at subsequent hearings before the same subcommittee on February 26, 1986 and March 4, 1986, the Army and Navy provided lists of projects planned for packaging. In House of Representatives Report 99-648, June 19, 1986, the Committee directed packaging of all projects at Shemya AFB, Alaska, in addition to those planned by the Services. In Senate Report 99-368, August 5, 1986, the Committee directed each Service to continue pursuing packaging to the maximum extent possible. In the Conference Report on Making Continuing Appropriations for Fiscal Year 1987, House of Representatives Report 99-1005, October 15, 1986, the Conferees directed the Department of Defense to comply with the directives in the House report regarding packaging of contracts at Shemya AFB, Alaska.

Questions Submitted by Senator Stevens

QUESTION: What is the usual process by which the need for a DoD dependents school is determined? What are the specific criteria that establish the need for school facilities?

ANSWER: The need for a DoD dependents school in the United States is determined according to Section 6 of Public Law 81-874, as amended, which states in part, that:

In the case of children who reside on Federal Property,

(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

(2) if it is the judgement of the Commissioner, after he has consulted with the appropriate State education agency, that no local educational agency is able to provide suitable free public education of such children, the commissioner shall make such arrangements as may be necessary to provide free public education for such children.

The specific criteria for establishing the need for school facilities in the United States is found in Section 10 of Public Law 81-815, which states in part, that:

If it is the judgement of the commissioner, after he has consulted with the appropriate State education agency, that no local educational agency is able to provide suitable free public education for such children, the Commissioner shall make arrangements for constructing, leasing, renovating, remodeling, or rehabilitating or otherwise providing the minimum school facilities necessary for the education of such children.

The Department of Defense Dependents Schools (DoDDS) are overseas and may be established and serviced by the Regional Director when the following criteria are met:

a. An enrollment of at least 20 space-required dependents is ensured for an elementary school (K-6 or K-8), and an enrollment of at least 45 space-required dependents is ensured for a secondary school (7-12 or 9-12). K-12 schools must meet both of the foregoing requirements. Exceptions to these general criteria must have prior approval of the Director, DoDDS. With the belief that the secondary criteria may be too low, the Director, DoDDS, has the criteria under review.

For an new DoDDS school at a present location (outside the 50 states and Puerto Rico), a facility study is first conducted to determine if existing facilities are being well utilized whenever there is an indication of a need for new facilities construction. This study takes into account student enrollment, by grade; teacher staffing, especially for mandated special education programs; the condition of existing facilities; and planned changes in military missions which may change the dependent population.

The Department of Defense Dependents Schools has a space criteria guide for dependents' educational facilities. An earlier version of this document had previously existed as part of Department of Defense Construction Criteria Manual. Since

this DoD document is currently under revision, the Department of Defense Dependents Schools has issued updated interim guidance based on the earlier version of the manual. Therefore, the Department of Defense is solely responsible for assessing the need for dependents schools and providing the funding for such projects.

QUESTION: What relationship does the Department of Defense maintain with the Department of Education in assessing the need for dependent schools and providing the funding for such projects?

ANSWER: None.

The Section 6 Schools construction is governed by Public Law 81-815, Title 10 (20 U.S.C. 640). Section 2008 of the Act authorizes the Secretary of Defense to construct, lease, renovate, remodel, and rehabilitate Section 6 Schools facilities in the United States and Puerto Rico.

The Defense Dependents Education System overseas is governed by Public Law 95-561, Title 14 (20 USC 921). Section 1403 of this Act requires the Director to prepare a unified budget for each fiscal year, which shall include necessary funds for construction and operation and maintenance of facilities, for the defense dependents' education system for inclusion in the Department of Defense budget for that year.

QUESTION: How many dependents school projects are being requested in the FY 1988 MILCON budget? What is the average cost for these school projects?

ANSWER: Prior to the Congressional mandate to submit a plan for the orderly transfer of the Section 6 Schools to state or local control, the budgeted amount for FY 1988 MILCON program was $20,018 million. Since FY 1987, because of the mandate to submit a transfer plan, the Section 6 Schools military construction projects have been held in abeyance for those schools subject to transfer. Therefore, only two of the original seven projects remain in the FY 1988 MILCON program. The two projects and their cost are:

LOCATION	COST ($000)
Hanscom Air Force Base, Massachusetts	
Elementary/Middle School Addition	$4,432
Fort Buchanan, Puerto Rico	
Elementary School Air Conditioning	1,200
Total Cost	$5,632
Average Cost	$2,816

For the overseas schools MILCON program, 12 projects are being requested; 5 are complete new schools and 7 are building additions. The total amount of the 12 military construction projects is $54,112,000. The average cost for these projects is $4,509,000.

Foreign Currency Changes

Question. How has the decline of the dollar relative to the principle NATO currencies impacted military construction costs in Europe?

Answer. Construction costs, which are obligated at the budgeted rate, are actually paid out at the prevailing rate during progress of the project. The decline of the dollar has created a funding shortfall between budgeted amounts and actual expenditures as the project nears completion. This is causing significant deficits in paying bills. Example: Germany 36%, Italy 31%, Netherlands, 36%, and the United Kingdom 5%.

Question. Has the drop in the dollar changed the mix of programs presented for MILCON funding in FY 1988? Where specifically were projects deleted due to currency changes?

Answer. During the budget formulation process each year, a currency adjustment is applied to the foreign construction estimates to provide the most up-to-date cost adjustments in the budget submission. For the fiscal year 1988 program, an adjustment from the former rates was made in December 1986. For instance, in Germany, the Deutsche Mark rate was adjusted downward from 2.46 to 2.06. This repricing required a program adjustment of $145 million just for the Army. The Air Force deleted $23M of Military Family Housing new construction, at Ramstein AB, Germany, to meet "Must Pay" expenses. Likewise the "buying power" of Air Force maintenance and improvements accounts were reduced by $13.4M. The method for making these changes is to adjust the prices of all overseas projects and then review the entire program based on overall priorities. This is done in conjunction with many other economic adjustments such as fuel prices, inflation, material shortage impact forecasts, and local area cost factors based on bids received during the first quarter of the fiscal year. For these reasons project deletions can not specifically be identified solely due to currency changes.

Question. For FY 1987, the DoD has identified a $500 million requirement for overseas station allowances over the 1987 appropriated amount. How will the 1988 military construction program help alleviate that requirement?

Answer. The Fiscal Year 1988 Family Housing Program submitted to Congress includes a request to build about 1,800 units at overseas locations. Even if the units are approved they would not be built or ready for occupancy in time to have any impact on the payment of overseas housing allowances in Fiscal Year 1988. In future years, these units would reduce the total overseas housing allowance by the amount that would otherwise be payable to the occupant based on off-base rental costs up to allowance ceiling for his/her pay grade and duty location.

FACILITIES FOR CIVILIAN PERSONNEL OVERSEAS

Question. How much of the FY 1988 MILCON request for facilities construction overseas will be dedicated primarily for use by civilian personnel? Specifically in NATO? Specifically in the Far East?

Answer. There are no FY 1988 construction projects in Europe or the Far East primarily for use by civilian personnel. However, the FY 1988 MILCON budget does include $41 million for 248 units of

family housing for civilian personnel under contract to DoD on Kwajalein Island.

Question. Over the past five years, civilian personnel in NATO has increased by over 30 percent. How has this increase impacted the MILCON budget for NATO from 1982 to 1986?

Answer. There has been no impact on the MILCON budget specifically due to any increase in civilian personnel in NATO Europe.

Question. In the FY 1988 and 1989 programs, does the Congress face making decisions on the replacement of any major facilities in NATO primarily to support the civilian presence?

Answer. There are no facilities replacement projects in the FY 1988 or 1989 budgets to support DoD civilian personnel.

Question. Mr. Stone, recently the Navy and the Assistant Secretary of Defense for Health Affairs notified Congress of the planned deactivation of the Philadelphia Naval Hospital and the establishment of a clinic at the Philadelphia Naval Shipyard in its place.

While I realize that "base closure/realignments" are not under the direct jurisdiction of this subcommittee, we are, I believe, deeply involved to the extent that we will act on the request for any new construction -- such as the clinic -- without which the planned deactivation cannot work.

**Can you explain to the subcommittee what the Department's current and future plans are involving "base closures and realignments"?

Answer. The base structure of the Department of Defense has evolved over 200 years to its present composition and size. Changing forces, wartime scenarios, resources availability, technology, and many other factors influence its size and composition.

One of our most serious responsibilities is to preserve a base structure that is adequate to meet the military needs of the nation through the 21st century - a length of time well beyond the normal programming and budgeting process, well beyond our ability to see the future.

Our major installations, particularly those where we conduct unit training and operations, and the land on which they are sited are a precious resource, a national asset to be retained unless we are certain that there is no foreseeable military requirement for them.

We recognize that, while providing the base structure we need for the indefinite future, we must also search for ways to improve the operation of our base structure. To that end, the Services continually review their base structure in light of changing mission requirements to determine if bases are still needed, and then to dispose of non-essential property.

**Under what reporting requirements is the Department operating with regard to notification of the Congress on any "base closures and realignment"?

Answer. The Department is operating under the authority of 10 U.S.C. 2687, as amended, which requires notification to the

Congress of any action to effect or implement the closure of a military installation involving 300 or more civilians. Notification is also required under this statute for any realignment action affecting over 1000 or 50% of base civilian personnel at a base with over 300 civilian personnel.

**Is it the normal practice of the Department to propose closing a facility without even so much as a design request for its replacement?

Answer. The Department does not have a policy that requires or precludes design of a replacement facility prior to closure. Each action is undertaken separately based upon the conditions at the base and surrounding community.

INNOVATIVE METHODS

Question. Mr. Stone, in your statement, you make reference to "innovative ways" in which the Defense Department is seeking to provide quality facilities. Can you explain to the Subcommittee what these innovative ways are?

Answer. To achieve our goal of providing excellent installations for our people who carry out defense missions in peacetime and in war, the Department must ensure that it is getting the best and most for the taxpayer's dollars. We are reemphasizing with installation commanders and heads of contracting agencies that procurement officials must be thoroughly trained in the full range of contracting methods and encouraged, through policy and practice, to use those methods to obtain the best value for the government. This includes the use of authority granted in the Military Construction Authorization Act, 1986, for each Service to enter into not more than three military construction contracts during any fiscal year using one-step turnkey contracting procedures. We are also emphasizing the use of the authority you granted to the Department for third party contracting for construction, management, and operations of supply, troop housing, transient quarters, logistic and administrative services facilities. We have also been successful in attracting private financing for build-to-lease and rental guarantee family housing. We are also proposing some legislative changes that we believe will materially improve our management efficiency. These include asking again to increase the minor construction approval limit from $1,000,000 to $2,000,000 and a provision to permit the Secretary of Defense to use unobligated military construction funds for up to $100 million to support mobilization prior to formal declaration of war or national emergency.

QUESTION: Mr. Stone, you state in your opening statement that DoD needs to invest two percent of the estimated worth of the physical plant ($450 billion) on an annual basis to keep the Defense plant modern and efficient. You further state that this budget falls short of that goal even if it should be approved in its entirety. I would add to that comment the need to truly analyze the military construction budget and this so-called two-percent replacement that one should discount the new bases/missions being established -- for example: Fort Drum and strategic homeporting.

Discounting these new bases/missions, you fall even further behind the two percent goal. Based on that, just who in the Defense Department truly supports a need to modernize and replace the existing physical plant? It really does not seem to be reflected in the program.

ANSWER: In his FY 1988 Annual Report to the Congress, Secretary of Defense Caspar W. Weinberger stated, "Last year I said my goal was to invest at least 2 percent of our total plant value in construction each year, for a replacement cycle of 50 years. The budget authority we requested last year met that goal. But, even though Congress voiced its support for improved facilities, the FY 1987 appropriation for military construction, including family housing provided only 80 percent of the budget authority requested." He went on to say, "The need for reasonable growth to build better facilities and improve productivity is a perennial issue. I am deeply concerned over the reductions to the military construction account. Congressional action reduced the program to a level which is not sufficient to sustain, maintain and revitalize our facility plant base. There is a serious need to, at minimum, maintain budgeted levels of funding to get these programs back on track."

In his prepared statement before the Senate Armed Services Committee, Subcommittee on Readiness Sustainability and Support, on 25 Mar 87, Deputy Secretary of Defense, William H. Taft, IV restated the 2 percent goal. This DoD goal has support throughout the DoD acquisition and logistics chain, down to the Service level including the CINC's.

Construction supporting new missions/weapon systems cannot be completely discounted, since old missions and weapon systems are being replaced and the facilities are demolished or upgraded to meet the new requirements. Although the goal is supported from the Service level on up, due to budgetary constraints and real world limitations, the budget request has decreased to 1.7 percent, a 60 year replacement cycle, for FY 1988/1989. As a result of past congressional actions, appropriated funding has only reached 1.3 percent, a 75 year replacement cycle, over the last two fiscal years versus the 2 percent goal or replacement cycle of very 50 years.

Minor Construction

Question. Mr. Stone, would you please explain to the Subcommittee how raising the minor construction approval limit from $1 million to $2 million will allow for faster construction at a lower price? Don't you believe that Congress has an obligation to oversee the taxpayers' money being spent at this level?

Answer. By raising the minor construction limit from $1 million to $2 million, projects over $1 million that currently wait in the budget process to be fit in at the next opportunity can be funded in the current fiscal year. The average time for a project to go through the cycle from identification, inclusion in a service budget, the President's budget and Congressional approval is over four years.

During that time, costs escalate due to inflation, currency fluctuations, and market demands. Additionally, operational

problems, which could be eased by the new facility, continue to occur.

The proposed legislation would provide for Congressional oversight through the 21 day notice and wait provision prior to executing projects over the reporting threshold.

Premobilization Construction Authority

Question. Mr. Stone, please give the Subcommittee details on the premobilization construction authority which would allow the Secretary of Defense to use unobligated military construction funds for up to $100 million to support mobilization prior to formal declaration of war or national emergency.

Answer. The premobilization construction authority requested would be commensurate with the authority of the Secretary of Defense to call up selected reserves without a declaration of a national emergency or war.

Question. It is my understanding that the Congress has been very diligent in recent years to use any unobligated balances as general reductions to the annual appropriation. I believe that during the past several years, approximately $750 million plus of military construction was accomplished without adding "new" funding for the projects.

Just what kind of facilities for "premobilization" are we speaking of here.

Answer. This requested authority would be used to house and mess selected reserve troops that might be called up by the Secretary of Defense under the authority of 10 United States Code 673(b).

SUBCOMMITTEE RECESS

Senator SASSER. Gentlemen, thank you very much for appearing here this morning.

Mr. STONE. Thank you, Mr. Chairman.

[Whereupon, at 11:53 a.m., Wednesday, March 11, the subcommittee was recessed, to reconvene at the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, MARCH 18, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:12 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Proxmire, Reid, and Specter.

DEPARTMENT OF DEFENSE

DEPUTY ASSISTANT SECRETARY OF DEFENSE

EUROPEAN AND NATO POLICY

STATEMENT OF JOHN J. MARESCA, DEPUTY ASSISTANT SECRETARY OF DEFENSE (EUROPEAN AND NATO POLICY) OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY POLICY)

NATO INFRASTRUCTURE, EUROPEAN/PACIFIC CONSTRUCTION PROGRAM AND BURDEN SHARING

OPENING REMARKS OF SENATOR SASSER

Senator SASSER. The subcommittee will come to order.

Gentlemen, I apologize for being a little tardy this morning. I was in a hearing which began earlier this morning on the interdiction of illegal drugs coming into the country and the coordination of the various agencies on the problem. That is the reason for my delay.

I apologize to Senator Proxmire and to the witnesses.

DEFENSE BURDEN SHARING BY ALLIES

I have called a special hearing this morning on allied defense burden sharing and NATO infrastructure because, in my view, the Department of Defense and the Department of State have done too little to stimulate increased allied defense expenditures.

For too long, the American people have shouldered, virtually alone, the defense burden of the free world.

Now 20 years ago, that was acceptable. Thirty years ago, it was totally acceptable, when we saw a devastated Western Europe. But, as I have stated time after time to Secretary Weinberger and Secretary Shultz, times have changed. World markets have become increasingly competitive. Our NATO allies and our friends, the Japanese, have, collectively, larger gross national products than the United States. Moreover, imports from Europe and the Far East have flooded the American marketplace, shutting down American plants and eliminating American jobs.

The American people feel, and I believe they have a right to feel, that our allies have been building the strength of their economies behind a security shield that is maintained almost wholly by American tax dollars.

Let me just give you one example.

UNITED STATES SUPPORT OF JAPANESE OIL IMPORTS

The Japanese get about 90 percent of their oil out of the Persian Gulf. In the long thousands of miles that that oil travels from the Persian Gulf to the Japanese home islands, it is defended all the way by American naval vessels. And only when that oil is within a few hundred miles of the Japanese home islands do Japanese naval vessels pick up any of the responsibility for protecting that oil.

I might say the United States get about 6 or 7 percent of its oil out of the Persian Gulf the last time I looked at the figures.

ALLIES CONTRIBUTION OF GNP TO DEFENSE

Now, the simple truth is that our allies devote only a fraction of their gross national product to defense, compared to the United States. As the American competitive position continues to diminish worldwide, you can see that it tracks almost directly with our budget deficits. Our budget deficits increase; then our trade deficit increases. A large portion of that budget deficit is caused by an increase in military expenditures over the past 5 or 6 years which comes to an increase of almost 50 percent in real dollars expended on defense costs.

So, it becomes less and less acceptable for us to assume certainly the lion's share of the responsibility for the free world's security.

EFFECT ON U.S. ECONOMY FROM INEQUITABLE DEFENSE EXPENDITURES

I want to talk for just a moment about my home State.

In Tennessee, we have lost thousands, tens of thousands, of jobs to foreign competitors. We have lost 50,000 jobs over the last 4 years to imports coming in from abroad.

Our European allies and our friends in Japan are letting us pay for their defense while they crowd us out of the international trade markets.

Now, this inequity in spending for the common defense, I submit, has to end. I would say to our witnesses here from the Department of Defense today that there is a growing opinion in this country—it is be-

ginning at the grassroots and spreading—that the United States cannot continue to shoulder more than its fair share in the defense of the free world and cannot continue to defend our allies and pay a disproportionate amount for their defense when they refuse to defend themselves adequately.

When I go home to my State, people ask me how the taxpayers of this country can be asked to pay more and more for defense when our allies are not?

Unless we are able to persuade our allies to increase their share of defense costs, there is going to be a reaction in this country that will result in unwarranted and, in my judgment, unwise force structure reductions.

Unlike some Members of the Congress, I do not advocate unilateral reductions in our defense commitments abroad. But my patience is growing thin with what I believe is a lack of concern with the issue at the highest levels of the Pentagon.

Frankly, I believe that there is simply lip service with regard to the need for improved allied burden sharing emanating from the Department of Defense and the Department of State.

DOD REPORT ON ALLIED DEFENSE EXPENDITURES

That is why I sponsored an amendment last year which required the Secretary of Defense to report to the committee the details of specific actions proposed to be taken by the Department of Defense during the current year to encourage our NATO allies to assume a greater share of the common defense.

We have now received that report, a 4-page letter from the Secretary of Defense. Much of that letter is classified.

But I am including at this point those portions of the letter which are unclassified. Frankly, the report received by the committee last month misses the mark completely.

[The information follows:]

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

19 FEB 1987

Honorable John C. Stennis
Chairman, Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

(U) This letter responds to the request, contained in Section 127 of the Military Construction Appropriations Act, 1987, that I provide to the Committees on Appropriations of the Senate and the House of Representatives details of actions to be taken by the Department of Defense during Fiscal Year 1987 to encourage other member nations of the North Atlantic Treaty Organization and Japan to assume a greater share of the common defense burden.

(U) As you are aware, my Department has reported to the Congress annually since 1981 on the extent to which our principal allies share in the common defense burden. I expect to submit the classified version of my 1987 Report on Allied Contributions to the Common Defense to key Congressional committees in March 1987. You will, of course, be one of the first recipients of this Report, which presents a comprehensive overview of the various burdens involved, individual country contributions -- which, in a number of cases, are markedly better than generally realized -- and the efforts we are making to get the Allies to do more.

(U) Because the Burdensharing Report will cover these matters in detail, I will only summarize its principal findings, directing my remarks toward my philosophy of burdensharing and what the Department is presently doing to enhance the contributions of our allies.

(U) During my six years as Defense Secretary, we in the Pentagon have studied the defense burdensharing issue closely, developed a number of methods for measuring relative quantifiable contributions of the various allies, and sought ways to assess the importance of unquantifiable contributions, such as the political costs associated with conscription or the stationing of PERSHING II and Ground-Launched Cruise Missiles (GLCMs). We have also examined other important contributions that do not fall under the NATO definition of defense expenditures, such as host nation support provided to stationed or reinforcing forces, and real estate furnished without cost to forward-deployed allied units. When the full range of relevant measures and factors are included, we judge that as a group our NATO Allies provide roughly their fair share of the common defense burden. Some members do better than others, of course, and we have pressed the weak-performing nations hard to increase their contribution. But, on balance, there is no question that the Allies make a substantial contribution to the common defense -- greater than commonly understood.

(U) That said, I would caution against permitting the ongoing burdensharing debate to distract our attention from the pressing need for all the NATO Allies, including the United States -- and for Japan -- to do more. NATO's conventional forces never have been a match for those of Moscow and its Warsaw Pact allies; despite undeniable quantitative and qualitative advances made by allied nations in recent years, Soviet ground and air forces continue to outnumber NATO's, and Moscow's massive investment in defense technology has eroded much of the West's former qualitative advantage. Given, too, our desire to reduce NATO's reliance on nuclear weapons, there is an urgent need to strengthen the conventional leg of NATO's defense triad.

(U) All these programs -- as well as modernization of the vital NATO-wide Air Command and Control System -- are undergirded by the NATO Infrastructure Program, a commonly-funded undertaking that provides the financial resources to build and repair such commonly-used facilities as airfields, pipelines, aircraft shelters, roads, communication systems and storage facilities for prepositioned equipment and materiel. The United States has pressed in recent years to expand both the size of this program and the project implementation rate under it. The program -- under which the US share is a highly favorable 27 percent -- is currently running at about 500 million Infrastructure Accounting Units (IAU) annually, or about $1.7 billion at present exchange rates). If the implementation rate increases and project costs continue to escalate, we may wish to propose a further increase in program levels during the next mid-term review of the program scheduled to begin later this year.

(U) We also have repeatedly pressed for greater efforts from individual European allies who we feel are not carrying their full fair share of the burden. I have spoken candidly with several of my Defense counterparts both here and in Brussels, and Administration representatives have made no secret of our regret over certain past or projected national defense spending levels to visiting officials from allied countries whose performance is relatively weak. President Reagan recently wrote to one Allied Prime Minister to express his serious concern over reductions in that nation's defense programs.

(U) The Department of Defense shares fully the strong desire of the Congress that our NATO allies and Japan shoulder their fair share of the common security burden. As I indicated above, we believe most of the allies bear roughly their fair share of this burden. We shall continue with special efforts to persuade individual low performing countries to do better. But over and above that, let me stress again my strong conviction that all the Allies, including the United States as the leader of the free world, must continue to increase their defense efforts in real terms. To that end, we in the Department of Defense have initiated and will continue to press for a broad range of cooperative projects designed to improve Alliance theater nuclear and conventional defense capabilities and requiring additional defense expenditures by all NATO countries. My colleagues and I have endeavored to communicate our security concerns widely and to marshal support for our arms improvement initiatives. We plan to expand these efforts in the coming months. The staunch support of the Congress for the US defense budget will be a key factor in the success of those endeavors.

Sincerely,

Senator SASSER. Not only does it fail to comply with the basic requirement of the statute to provide the Congress with details of specific actions to be taken to encourage improved defense burden sharing, but the Secretary of Defense actually states—and this is an actual quote from the letter: "We believe that most of our allies bear roughly their fair share of this burden." This is the burden of defending the free world.

I think that is a very telling statement.

When read by our allies abroad, it says to them. "Do not worry about the rhetoric you are hearing; we are not really going to press you to pay more. Uncle Sugar is still going to be there with an open pocketbook."

Well, the executive branch may be satisfied with the commitment of our allies, but I think my colleagues in the Congress and the American people are not.

We have heard the pleas here of the taxpayers of this country. Massive defense expenditures for the benefit of our allies are a burden to every man, woman, and child in this country. We demand some equity.

SOME IMPROVEMENT IN NATO DEFENSE SPENDING

Now, I understand that percentage of gross national product or a comparison of per capita defense expenditures is not the only measure of defense commitment.

I have heard the stories about how they have conscription in West Germany and they have conscription here and there and we do not.

I will grant you that there has been some improvement in recent years. But those improvements fall far short of responsible and equitable burden sharing among our allies.

All you have to do is to read the headlines of late: "West German defense budget faces 8 percent cut." "United Kingdom defense spending may face cut of 7 percent." Quoting again, "Canada considers cut in NATO role." "Belgium seeks lesser NATO role."

I remember a few years ago when the chancellor of West Germany came here and said we cannot meet our agreement to increase defense spending in real terms by 3 percent a year because the American interest rates are simply too high. That was the reason given by Chancellor Helmut Schmidt.

I could go on and on.

JAPANESE CONTRIBUTION TO PACIFIC THEATER DEFENSE

But let us consider the very special case of our friends in Japan. Much has been made of the fact lately that Japan has finally exceeded the 1 percent of GNP cap on defense spending. It is now up to 1.004 percent.

This is largely symbolic, designed for the most part as an attempt to meet the criticisms of the U.S. Congress.

I am familiar with the argument which says that they are limited by their constitution to 1 percent, and General MacArthur helped draft that constitution. But it has been almost one-half a century since then, and constitutions can be changed. We have amended ours three or four times since the Second World War ended.

When you look at the details of the Japanese defense budget for the coming year, you find a reduction in proposed expenditures wherein they were contemplating purchasing 16 F–15's. They have now reduced it to 12 F–15's.

They are purchasing one less destroyer than they planned, and four less tanks than the Japanese Defense Agency testified was necessary to meet their modest force structure goals.

In fact, to put the Japanese budget into perspective, it is valued at $22 billion in United States dollars, compared to our defense budget of $300 billion.

I am not suggesting, and I do not think anybody wants the Japanese to arm themselves to the teeth. I am not eager to see the Toyota line, which is spewing out automobiles now, to start spewing out tanks.

But there are ways for Japan to make economic contributions that can help provide for the common defense of the free world.

We have to explore methods for Japan to make a fair economic contribution without once again militarizing the Japanese culture and raising that specter all across the Far East.

Later in the hearings, I hope we can explore ways that can be done.

So I would say to the witnesses that you are appearing today before a very skeptical subcommittee, I think, a subcommittee that will not be granted a budget allocation under the budget resolution sufficient to fund the entire request before us.

WORLDWIDE MILITARY CONSTRUCTION REQUEST

We are being requested to fund $10 billion in military construction around the world this year. There is no way that the Budget Committee or the full Appropriations Committee is going to approve that. It is my view and hope that we can defer much of the overseas construction requirements to our allies.

Why can't they do more in building these capital facilities around the world, which house U.S. troops defending their people, their economies, and their borders?

The U.S. budget will not permit the improvements in facilities which are needed.

I think I have made my point entirely clear.

Why don't I turn this morning to Senator Proxmire, a distinguished member of this committee, and ask him for any opening statement that he might have.

77-710 - 88 - 11

OPENING REMARKS OF SENATOR PROXMIRE

Senator PROXMIRE. Thank you very much. Mr. Chairman. I do not have very much to say.

But first I want to congratulate you on calling these hearings. I think this is the first time ever that the Military Construction Subcommittee has had hearings on NATO burden sharing. I think it is most appropriate, and you stated exactly why.

We have a situation now where we have to hold down spending in every way we possibly can. We have a very serious national security problem. There is no way we can sharply reduce our military spending overall. But this is one way that we can maintain our security without enfeebling it.

As the chairman has pointed out, the fact is that the NATO countries have been doing quite well over the years, thanks in no small part to our assistance.

I would like to point out that this is not anything new. In the 1970's, Senator Mansfield proposed that we withdraw 150,000 troops from Europe, and that had some support in the U.S. Senate. I think that kind of motion might carry even more weight at the present time, in view of our very, very difficult financial situation, where we are running such enormous deficits that are such a huge burden and are building up the huge national debt.

As we all know, Senator Nunn last year called for increased funding on the part of our European allies and indicated that if we did not get that, we should withhold certain commitments. That Nunn proposal was only narrowly tabled. I think this year it might very well receive more support.

As you know, Senator Nunn is now chairman of the Armed Services Committee.

So we mean business about this.

I might point out that one of the most remarkable people who have served in the Senate since I have been here—he left the Senate many years ago, but he still is quite an interesting person and innovative thinker—was Gene McCarthy.

QUOTE OF SENATOR EUGENE M'CARTHY

This morning, there is a very short little quotation under "Notable and Quotable" in the Wall Street Journal, and it is from Gene McCarthy. This is what Gene McCarthy says:

> Tariffs and quotas imposed by the United States invite retaliation by affected countries. But one inequity affecting international trade, the disproportionate share of defense costs for the noncommunist nations, borne directly by U.S. taxpayers and indirectly by the U.S. economy, is beyond challenge. A defense import tax should be imposed on United States imports bought from any country protected by treaty arrangements with the United States, like Japan and West Germany. The amount of this duty should be equal to the difference between the percentage of gross national product devoted to defense by the United States and by the exporting countries selling goods to our domestic importers. On average, the tax assessed on relevant imports would be roughly 3 percent of the value of the imported goods.

While Gene McCarthy is no longer a Senator, he is a highly respected observer. He, of course, served for many years on the Finance Committee. This kind of thought I think is very serious here, and I think the Congress is likely to take some kind of action unless we can get some action on the part of our NATO allies.

I have some questions along the line of some of the areas that I think are most grievous in this respect.

Thank you very much, Mr. Chairman.

Senator SASSER. Thank you very much, Senator Proxmire.

Senator Reid, do you have an opening statement this morning?

OPENING REMARKS OF SENATOR REID

Senator REID. I do, Mr. Chairman.

This, of course, is a timely hearing on a subject which is of great concern to the American people—the subject of our allies' responsibility to share the burden of defending the Western World.

Americans today see their country invaded by foreign products while our own industries are forced to shut down. In this competitive international climate, it is often perplexing and painful to see our tax dollars spent overseas to defend our allies while they save their investment dollars and become more competitive every year.

I understand that some progress is being made and that our allies are assuming greater responsibility. But we will only make further progress by continually applying pressure.

Of equal importance, I believe, is making sure that, with people biting the bullet here at home, dollars spent abroad are carefully allocated to projects and bases that truly need them.

I think all of us here share the common goal of protecting U.S. interests and the freedom of people around the world to do and think as they please. But if we expect to ask Americans to make sacrifices and to give up programs which are important to them, we must be certain that our allies are paying their share, and that our share is spent wisely and effectively.

Thank you, Mr. Chairman, for this hearing. I have some questions at the appropriate time.

Senator SASSER. Thank you very much, Senator Reid, for your statement, and I thank Senator Proxmire for his very perceptive views.

INTRODUCTION OF WITNESSES

Gentlemen, first this morning we will hear from two individuals from the Department of Defense directly responsible for NATO and Pacific policies: Mr. John Maresca and Dr. Karl Jackson. These two distinguished gentlemen serve as Deputy Assistant Secretaries of Defense.

Gentlemen, we welcome you here this morning. I think you can see that you are stepping into the lion's den. The subcommittee's views are not ambivalent, to say the least, on this subject.

We welcome you. We want to hear from you and we request that you also introduce your associates for the record.

Of course, let me also say that we have Mr. Joe Loveland here to discuss the NATO infrastructure program in detail. Mr. Loveland, I was looking right at you and almost overlooked you.

Also, we have Captain Dallam from the Defense Department with us, too.

CURRENT U.S. JUNCTURE WITH ALLIES

Mr. MARESCA. Thank you, Mr. Chairman.

I have a prepared statement which I would like to submit for the record, but, with your permission, I would just summarize it briefly in order to leave more time for your questions.

Senator SASSER. Your statement will be included in the record. We look forward to your summary.

Mr. MARESCA. Thank you, sir.

First of all, I would like to say a few words about the present juncture that we find ourselves in.

Senator SASSER. If you would, pull that microphone just a little closer, please.

Mr. MARESCA. Yes, sir; I think everyone is aware that we are now faced with a very active diplomacy by the Soviet Union, which is aimed at dividing us from our allies and also, in large part, in undercutting support in the Western World for defense expenditures.

At the same time, the juncture we find ourselves in is one where there are tremendous budgetary pressures, not only in this country but among all the Western countries, and that also has an impact on our ability to sustain defense expenditures.

In addition to that, we have some optimism, I think, at least in the public mind, about the possibility to reach some kind of agreement with the Soviet Union on arms control. As we all know, that tends to inspire additional thoughts about cuts in defense.

SOVIET LEAD IN MAJOR WEAPONS SYSTEMS

I think at times like this, it is well to recall what is the continuing reality of the Soviet military threat that we face. Since I am particularly responsible for NATO Europe, I would just like to recall that in Europe, this threat has not abated a bit, despite all of the friendly overtures that we see coming from Mr. Gorbachev. We still are faced with 2 to 1 ratios in favor of the Warsaw Pact, with 3 to 1 ratios in virtually all of the major types of weapons that would be used in a conflict.

That, I think, is the reality of what we still face in Europe. I think that this has to lead all of us to the conclusion that there really is no realistic alternative to a continuing major U.S. contribution to the defense of Europe.

I do not think anyone here would disagree with that.

Obviously this is in Europe's interest. But also, and most importantly, from our point of view, it is very much in the U.S. interest.

I do not think the United States has any interest in seeing a situation where Western Europe or our Western European allies can be subjected

to Soviet pressures which inevitably result from the kind of overwhelming military strength that they can bring to bear in that area.

BURDEN SHARING

Turning to the general subject of burden sharing, I would like to start out by saying, Mr. Chairman, that we agree with many of the points that you made.

I would like to note, and you alluded to this in your opening statement, that the European allies do more for the common defense than is generally recognized in this country. There are many ways to measure the contribution to common defense. But the bottom line is usually totaled up in monetary terms, and there are, indeed, as you said in your opening statement, many intangible things which they contribute to the common defense which cannot be added into that kind of equation—the use of territory for the basing of troops, the use of territory for exercises, these kinds of things. Also, as you said, the maintenance of conscription, which we do not maintain in our country, this, indeed all of these things, are things which are not easy politically and which are genuine contributions to the common defense.

The language in the report I think is intended to account for those contributions in addition to the monetary contributions which, we agree with you, are not in all cases what they should be.

Second, I would like to say right away that we are not here to make excuses for the allies. We recognize that some of them do not do enough, and, particularly in some categories, we want them to do more. That is the effort that we would like to see continue, which we are continuing—that is to say, concentrating on areas where we believe they must do more in a specific way.

On the other hand, we believe, in the Defense Department, that all of us should do more. It is very important that, in the face of what I have described as a continuing and steady Soviet buildup, that none of us relaxes our efforts.

DOD REPORTS

There are two reports from Secretary Weinberger to the Congress on the general area of burden sharing which elaborate on many of the points on which I am touching here. One was the one which was sent to you in February. The other is the annual report on allied contributions to the common defense, and this will be sent shortly. That has a much more in-depth description of what is going on in this area.

Mr. Chairman, you called attention to the amendment which was sponsored last year requiring a report. Of course, we have sent something in response to that. I would like to say that we considered that a very useful exercise because it did force us to reevaluate some of the things that we were doing and to look again at this area. I think this, in itself, was useful from our point of view.

Unfortunately, I would have to say that I am just afraid there is no simple answer to this problem. I will explain why we have come to that conclusion.

The hard reality is that there are no easy fixes in terms of what one can do to get the allies to do more.

The European allies are all independent democracies. They have different histories, different political balances, different social structures. Many of them have coalition governments which are not always so certain in office, as an administration is in this country. All of them are subject to internal political currents, just as we are. The currents can be influenced; but the bottom line is that those political currents are what determines international policies.

We believe, and have continued to work to influence these countries toward a greater defense contribution, and we feel that hearings like this have an effect in that respect. So they are a positive contribution.

We have to do this collectively through a steady combination of persuasion and example. I do not think there are any shortcuts to the solution in this respect.

CURRENT PROGRAMS TO IDENTIFY SHORTCOMINGS IN NATO DEFENSE

Many of the programs that we have been working on are an effort in that direction. I would cite a couple, both of which are focused on what we have identified as shortcomings in NATO defenses. One is the continuing effort to focus attention on NATO's conventional defense, which was started a couple of years ago in NATO and which we continue to work on. We think that this has been helpful in identifying what the weaknesses are and in bringing about steps to correct them.

The same can be said of our effort in the area of ammunition stocks, a very important area, which we have been pressing for a long time to get the allies to do more in.

Senator SASSER. Let me just interrupt you there, Mr. Maresca, if I may.

UNITED STATES RESPONSE TO SOVIET ATTACK ON WESTERN EUROPE

It is my understanding that in the event of an all-out Soviet attack on Western Europe, we are committed to moving very significant portions of our Air Power and Army Forces into Western Europe within what period of time, a 2-week period?

Mr. MARESCA. Well, it will vary in terms of the warning time and that sort of thing. But, basically, we are committed to sending reinforcements to Europe promptly. Let me put it that way.

Senator SASSER. Well, within 10 days? How many divisions and how many air wings are supposed to be in Europe within 10 days?

Mr. MARESCA. Well, I cannot give you an exact figure off the top of my head, but we can easily provide that for you?

[The information follows:]

U.S. NATO DEPLOYMENTS

The Department's fiscal year 1988 annual report to Congress states that the United States maintains four Army divisions and two armored cavalry regiments forward deployed in Europe. The United States is committed to deploy six more divisions within

10 days of a decision to mobilize. Initial reinforcements would also include 60 tactical fighter squadrons and one Marine Amphibious Brigade plus their support detachments.

NATO ABILITY TO WITHHOLD SOVIET OFFENSIVE

Senator SASSER. Don't we have a situation where the Europeans don't even have enough ammunition to sustain an all-out defense in time for us to get our forces to Europe? Or isn't it true that the Europeans will run out of ammunition contemporaneous with the arrival of forces from the continental United States?

Mr. MARESCA. Well, certainly this is an area of great concern. I would say, however, that the real answer to that question varies considerably, depending on the kind of scenario you have or that you can think of leading to a conflict situation. If you have 1 month of warning time or if you have 2 months during which tensions build, then stocks can be added. So the answer is not a simple answer. It depends on what kind of scenario you envisage leading up to a conflict.

But certainly this is an area that has been one of the ones that is of primary concern to us. We just raised it again with the allies at a reinforced meeting of the NATO Council about 1 month ago, where Deputy Secretary Taft was our spokesman and where, once again, we pressed the allies to do more in this area.

One of the types of levers that we often use is the interest of our Congress in this area, which is, from that point of view, very useful.

Senator SASSER. Go ahead. I did not mean to interrupt you.

Mr. MARESCA. Thank you, sir.

I was going to say that these areas are very unglamorous. They do not catch the imagination. They require a lot of patience and in many ways they are very tedious.

But these are, in fact, the ways that we think are the most effective ones for getting the allies to correct specific deficiencies in their performance.

UNILATERAL U.S. TROOP WITHDRAWAL

Conversely, I would say that negative examples, such as the possibility of a unilateral U.S. troop withdrawal, would have a dramatic negative effect in exactly the opposite sense. Some of you may have seen this week's copy of The Economist, which has a photograph of an American serviceman on a train bidding goodbye to a European woman. The headline is "So long Europe. Nice to know you."

I cited this just as signifying the kind of concern Europeans have about this area.

Unfortunately, that kind of unilateral step would have exactly the opposite type of reaction that we would hope for. It would dramatically undercut the ability of our NATO allies to maintain their own levels of defense.

I could go into that in some detail; but that is our estimate. This is why we are strongly opposed to any type of unilateral troop reduction.

So, basically, Mr. Chairman, what we foresee is a continuation of an unglamorous, tedious, patience-trying effort to work with the allies to increase their contribution in specific areas. We need to have an energetic diplomacy, and I would agree with you that we need to be able to link more closely economic issues with defense performance. That is a factual matter, and I think we have to do that. Our efforts have to be both public and private. As you may know, I am a foreign service officer, and I have served in Europe for some years. I think that one of the things which is most helpful is to have Members of the U.S. Congress visit over there and tell our European friends directly what the political climate on these issues is like in the United States.

This, we believe, is the only way to pursue this area.

This completes my summary of my prepared statement, Mr. Chairman. I would be happy to respond to your questions now or after my colleagues have made their statements.

[The statement follows:]

PREPARED STATEMENT OF JOHN J. MARESCA

Deputy Assistant Secretary of Defense, European and NATO Policy

Mr. Chairman, members of the Subcommittee:

I am pleased to have this opportunity to appear before you this morning to discuss NATO burdensharing, the NATO infrastructure program and the US military construction program.

Mr. Chairman, the NATO Alliance today faces a number of developments which will challenge its cohesion. The Soviet Union has undertaken a very active diplomacy designed to win West European understanding, and to undercut support for continuing a strong defense effort. Meanwhile, in the West, every government is under pressure to reduce spending, and all are being forced to take a hard look at defense expenditures. There are also possibilities for progress in some arms control areas, which are positive but which could contribute to overly optimistic public attitudes toward the need to maintain our defenses at the required levels.

The juncture of these developments calls for steady policies and a long-range perspective on our national interests and those of the NATO Alliance. We must be careful to avoid steps which could lead to a general unravelling of support for defense. It is well, at times like these, to recall the hard reality of Soviet military power arrayed against NATO, and the nature of these forces. I believe these realities can lead us to no other conclusion than that we must continue to plan for a major and ongoing American contribution to the defense of Western Europe. There is, unfortunately, no realistic alternative for ensuring the defense of our allies, and that defense continues to be a vital national interest of the United States.

I should like to begin with some remarks on Alliance burdensharing -- a vital subject about which an enormous amount has been said and written in the past few years. The Department of Defense is deeply interested, for obvious reasons, in the equitable distribution of defense burdens within the Alliance. We know that without both the fact and perception of an approximate fairness in this distribution, an Alliance of free and independent nations such as NATO cannot long endure. We are aware of the close interrelationships between our three topics this morning -- burdensharing, infrastructure and US military construction. Indeed, the Infrastructure Program is affected by larger burdensharing considerations and, at the same time, is itself an important element in the burdensharing equation. And it is, of course, obvious that Congressional support for US defense efforts is importantly conditioned by Congress' views of the contributions of our Allies to the overall defense.

For these and other reasons, the Department is continuously working to improve and refine the analytical tools needed to yield sensible judgments about burdensharing. We have made some significant strides in recent years. Our major annual report to the Congress on Allied Contributions to the Common Defense should very shortly be approved and distributed to an appropriate number of Congressional committees. An unclassified version of this report should be available within the next several weeks.

As in recent years, the current report describes and analyzes a rather large number of criteria that are deemed relevant to

burdensharing judgments, such as the percentage of gross domestic product that a nation allocates to defense, and the number of divisions or combat aircraft or combatant ships that a nation provides and maintains for the Alliance.

By what is commonly considered the principal input measure - the proportion of economic product allocated to defense - the United States does substantially more than almost all of its allies, well above the non-US NATO average. On the other hand, when one looks at some of the measures of material contribution, the disparity is much less apparent. Thus, with a combined gross domestic product less than half the Alliance total, our European NATO allies provide about 60 percent of the ground forces and over half of the combat air forces of the Alliance.

Then, too, there are many other factors that tend to moderate the disparity in financial contributions which is so often noted by critics of Allied performance. For example, the conscription system still in force in a majority of the allies enables them to procure manpower at a lower cost. Also noteworthy are the political and environmental costs borne by some nations. The Federal Republic of Germany is the size of Oregon, but hosts 400,000 foreign troops on its soil in addition to its own half-million active duty military and 800,000 reservists. Add to that over 100,000 low level flights and some 5,000 maneuvers and exercises a year -- conducted on farmers' land and causing about $100 million in damages per year -- and one must conclude that financial investment alone cannot provide an adequate measure of burdensharing within the Alliance.

Therefore, in our annual report we deliberately abstain from categorical judgments about Alliance burdensharing. We believe it is incontestable that our allies make a very substantial contribution to the common defense -considerably more than generally recognized. At the same time, we recognize that a small number of the allies, by virtually any test, are doing less than their fair share, and we are working continuously to eliminate this kind of disparity.

But the main point for us, Mr. Chairman, is that we all -- US and allies alike -- need to do more in order to ensure our security into the next decade, and that we need the understanding and support of Congress to guard against the kind of unravelling of the overall Western defense effort which none of us has an interest in beginning.

The stark reality of Soviet military force in Europe needs to be recalled: 70 percent of the USSR's conventional forces are available for use against NATO. The Warsaw Pact has a 2:1 advantage over NATO in main battle tanks. It has a 3:1 advantage in artillery and other armored vehicles, and more than a 3:1 advantage in surface-to-air missiles. It has six million active duty military personnel to 4.5 million for NATO. The objective is to intimidate Western Europeans through their fear of war, so that the Soviet Union can eventually neutralize and dominate those countries. This is clearly contrary to the fundamental interests of the United States.

We clearly need to improve the Alliance conventional force posture. Without seeking to match our opponents man for man or tank for tank, we want to improve NATO's capabilities so that it is clear that we would be able to frustrate a major Warsaw Pact offensive without early recourse to the use of nuclear weapons.

The importance of better conventional force capabilities was strongly endorsed by the Alliance's top leaders at the Bonn

Summit meeting in 1982. Since then, a number of encouraging steps have been taken.

We have increased our capacity to exploit NATO's technological edge over the Pact, and at the same time we have improved our ability to protect against the transfer of critical US and allied technologies to the Soviet Union.

The Alliance has launched a special effort to improve conventional defense, primarily by concentrating on certain agreed critical deficiencies and designing active measures to correct or ameliorate those deficiencies.

A key element of this CDI effort, as it is called, is more effective cooperation with our allies in developing, producing and acquiring modern weapons. With very significant help from the Congress, we are pursuing a number of cooperative arms production projects that promise real enhancement of our conventional defenses.

Thus we are moving in the right direction. We have our priorities pretty well sorted out, and we know where we would like to go.

But a somber fact confronts us: due to the superior momentum of the Soviet military buildup, our best military experts tell us that despite NATO's considerable efforts, the gap between our conventional capabilities and those of the Pact continues to widen. The rate at which the gap is enlarging has, I believe, slowed somewhat, but the actual gap continues to grow, year after year. In these circumstances, it is clear that we must do better if we are to ensure a credible Alliance deterrent. We must make the necessary resources available, and we must make more effective use of those resources.

As I mentioned earlier, the NATO Infrastructure Program is an important element in the burdensharing equation -- and one distinctly favorable to the US. While the US cost share of this program is slightly over 27 percent, some 30-40 percent of the funds support specific US force requirements and an additional 25-30 percent of the program provides for joint use facilities and equipment that benefit all allied forces.

The Program is also an important part of our effort to narrow the conventional capabilities gap. With funding now reaching nearly $1.8 billion annually and roughly 90 percent of the program directly supporting conventional defense improvements, key projects are coming into being with increasing frequency. Thus there is every reason for the US to carry out fully and faithfully its obligations under the infrastructure program and to continue to work toward further expansion of the program as opportunities become available.

However, while we seek to expand this important NATO program, we do not advocate common funding of certain types of projects such as barracks, dining halls, and other personnel support facilities. The potential costs associated with the provision of similar facilities for other nations and wide variations in national standards render NATO common financing of such projects not only impractical but economically imprudent. Facilities supporting these requirements are better and more economically provided through U.S. Military Construction Programs.

Military Construction in Europe

For Fiscal Year 1988, our construction requirements in Europe and Iceland total $1.2 billion, including $396 million for the US share of the NATO Infrastructure Program. The FY 1989 budget includes just under $1.2 billion for construction in Europe including $412 million for the infrastructure contributions.

The improvement of working and living conditions for our troops in Europe continues to be one of our highest priority goals. The FY 1988 budget includes $61 million for 696 units of family housing while an additional $28 million is requested for barracks and dining halls. A second increment of $20 million is required to complete 250 units of badly needed Navy family housing in Iceland. Dependent schools and community support facilities account for $73 million of the budget while the request for medical and dental clinics and hospitals totals $81 million including the replacement hospital in Naples. There is an additional $18 million budgeted for contingency medical facilities that will support our NATO-assigned forces during contingencies and in wartime. The Army continues to budget funds for essential facilities modernization in support of modern weapons system deployments and has included some $106 million for hardstands and tactical equipment shops.

The FY 1989 program reflects continued emphasis on the improvement of working and living conditions in Europe as well as providing for essential operational facilities that are not eligible for NATO funding. The second year of construction for the relocation of the Naval Support Activity in Naples totals $75 million and funds phase II of the command and control complex and a new school. The Army continues its focus on modernizing by budgeting $120 million for additional hardstands and facilities upgrades. The program also provides $14 million for the medical contingency facilities at various locations in the European theater.

Relocation of the Naval Support Activity, Naples, Italy.

The FY 1988 budget requests $55 million to begin construction of new facilities on a 250 acre site near Naples that has been provided by the Italian government. Continuation of the program is reflected in the FY 1989 budget request of $75 million. The utility of the current Naval Support Activity complex has been seriously degraded by the threat of seismic activity and problems with physical security. Initial programming was deferred from the FY 1987 budget pending studies by the Navy and the GAO. The studies conclude that there is a real danger of sudden and catastrophic collapse of the buildings. The top floors of the hospital have already been vacated. The GAO report examined the security problem at the compound and stated that it was physically impossible to upgrade the facilities to the minimum required to counter the potential terrorist threat in the area. Initial construction will include a replacement hospital and an operational command and control complex. We have studied this problem for a number of years and there is no other workable alternative than the current plans for relocation.

Ground Launched Cruise Missiles (GLCM) Construction. Fiscal Year 1988 represents the final year of significant programming for constuction at the GLCM sites. Of the total of $92 million, $68 million is requested for the site in The Netherlands and includes 400 units of family housing. An additional $24 million completes work at the other five sites in the United Kingdom,

Italy, Belgium, and Germany. The FY 1989 program contains only $3 million to finish work in Holland. Of particular importance at the GLCM sites is the need for immediate construction of community support facilities. A total of $13 million is required for facilities that are essential to the general morale and fitness of our military personnel and, as well, the establishment of accompanied tours. Many of these projects have been previously denied because of the lack of Congressional consensus on the use of appropriated or nonappropriated funds. The deployment of this weapons system is one of the highest priority defense initiatives and demands highly trained and skilled personnel. Adequate facilities are essential to maintaining morale and stabilizing tour lengths. I urgently ask for your support in providing the required funds.

Lastly, Mr. Chairman, I would like to address briefly the question of the possible withdrawal of substantial numbers of U.S. troops from Europe.

It is imperative, in the political-military environment we face today, to assure maximum coherence and consistency in our security policy and in our relations with the Soviet Union. Substantial US troop withdrawals, even if spread out over a number of years, would in my judgment be a destabilizing and perplexing element, the effects of which no one can confidently predict. This is not a time for taking such risks with our national security and that of our allies.

Unilateral withdrawals, or the threat of such withdrawals, would not shock our Allies into doing more for their own defense. They are all democracies and their defense effort depends on domestic consensus, just as in our country. Major opposition parties in several of the European NATO countries openly advocate alternative defense strategies that, in many instances, amount to little more than what Secretary Weinberger has called "defenseless defense".

US troop withdrawals would strengthen, not weaken, the defenseless defense constituencies by enabling them to contend that we do not take the threat seriously either, and that all of us can relax. There would very likely be a tendency to seek accommodations rather than to shoulder the enormous additional expenses necessary to replace the departing US troops.

Nor would a substantial US troop withdrawal from Europe save the US money.

Assuming hypothetically that 100,000 returned troops remained in the active force structure, it would cost $5 billion to quarter them in new or expanded garrisons in the US. If these troops were to be available for rapid deployment in contingencies, as has been suggested by some voices, it would cost about $40 billion to procure the additional strategic lift required to transport them, for example, to Southwest Asia in case of need.

The proponents of withdrawal have also asserted that our forces in Europe today are stationed in an area where Soviet military aggression is deemed least likely, whereas, they contend, the chances of aggression are far greater in Southwest Asia, with its immense oil resources so important to our Allies and ourselves.

But if the risk of Soviet aggression in Europe today is low, this is precisely because of the stability engendered by the credibility of NATO forces and by the consistently strong commitment of the United States. Can anyone seriously believe that what some see as the "low risk" of aggression in Europe

would survive the progressive dismantlement of NATO forces, or the introduction of ambiguity into the American commitment?

Dean Acheson used to liken the Alliance defenses to a municipal fire department, declaring himself deeply skeptical of the argument that the Fire Brigade could safely be terminated because there had been no fires in recent years.

In fact, the analogy is incomplete, and the case for holding firm in Europe is stronger still. For a firefighting capability in and of itself can hardly be said to decrease the chances of fire breaking out, whereas NATO's capabilities do precisely that; they deter; they positively reduce the chances of aggression.

A further important consideration concerns prospects for arms control. The NATO allies are currently seeking to open a new negotiation with the Soviet Union and other Warsaw Pact nations on conventional forces in Europe. It would be foolish to reduce US forces unilaterally if there is any reasonable prospect of bringing about a simultaneous reduction in Soviet forces in Europe.

Let me be quick to add that we are not blind to the point that the US must, of course, be able to respond to contingencies in other parts of the world as well, for example, Southwest Asia. It was recognition of this need that led to a comprehensive Alliance study a few years ago of measures that our Allies could take to compensate for the possible diversion of US forces, earmarked for NATO reinforcement, to respond to a Southwest Asia contingency. A number of such compensatory measures were identified by the NATO military authorities and subsequently incorporated into NATO force goals for various nations.

Before I leave the question of US forces in Europe, I would like to add our strong hope that the Congress will see fit this year to eliminate the current permanent ceiling on the number of US forces that can be stationed ashore in NATO European countries.

The impact of the ceiling on our combat capability in Europe has been distinctly adverse. Since 1980, we have probably increased our overall combat capabilities in Europe through modernization despite the ETS ceiling. But the longer the ceiling remains in effect, the more difficult it will become to pursue effective force modernization.

Mr. Chairman, this is a time to show our determination to maintain our commitments to the defense of the NATO Alliance. We hope this committee will give us strong support in this effort.

STATEMENT OF KARL D. JACKSON, DEPUTY ASSISTANT SECRETARY OF DEFENSE (EAST ASIA AND PACIFIC AFFAIRS), OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)

JAPANESE DEFENSE BURDEN SHARING

Senator SASSER. Mr. Jackson.

Dr. JACKSON. Thank you, Mr. Chairman.

I am here to present the views of the Office of the Secretary of Defense on Japan's contribution to burden sharing.

As you said in your opening remarks, I may well be stepping into the lion's den.

I have prepared a statement for the committee which I thought I would submit for the record in the interest of brevity, if that is all right with you.

Senator SASSER. It will be included in the record.

Dr. JACKSON. I would first like to say in summarizing my remarks that I believe that the defense relationship with Japan is a success story, an achievement of quiet discussion and persuasion, especially over the period 1981–87.

There are a few empirical indications of that success story that I would like to put before the committee.

For instance, when one looks at real growth, that is, growth in the defense expenditures after inflation, in 1981, Japanese expenditures grew 4.9 percent; in 1982, 5.9 percent; in 1983, 5.7 percent; in 1984, 5.3 percent; in 1985, 5.3 percent; and on and on.

Basically, the real growth in Japanese defense expenditures has been at or above the 5-percent level since 1981.

Obviously, this could be as a result of the base being so frightfully small. However, another set of empirical statistics might be of use in judging this matter.

In 1983, the defense budget of Japan was $12 billion. In 1987, it will be in excess of $22.5 billion, a very substantial growth rate by real world standards.

I would point out that this growth rate was achieved not by haggling about percentages of GNP, but by the division of roles and missions between the United States and Japan, followed by sound planning and subsequent delivery on promises of increased expenditures by Japan.

MIDTERM DEFENSE PLAN

What are the results thus far under the 1986–90 midterm defense plan?

The first 2 years of the midterm defense plan have been fully funded. This is a response to the Soviet threat and to the division of roles between Japan and the United States in the Western Pacific. The Japanese defense budget as of last year, was the sixth largest in the world, and comparable in size to that of France and Germany.

When we talk about the division of roles and missions under the 1986–90 defense program that was adopted by Japan, what we mean is that Japan agreed to assume the primary role in defending its territory and surrounding air space and sea lanes out 1,000 miles from Tokyo.

If the 5-year defense plan continues to be fully funded, as the first 2 years have been, this will mean a substantial increase in military hardware on the part of Japan. For instance, by the end of the 5-year defense plan, it is expected that Japan's destroyer force will have increased to 60 vessels. This is three times as many as the United States has in the Western Pacific.

There will be around 200 F–15's and 100 F–4's interceptors. This compares rather favorably with real world standards; this force of interceptors will be larger than the United States inventory of interceptors in Japan, Korea, and the Philippines combined. And, I might add, it will be comparable in size to the total number of interceptors that we have for the continental United States. Furthermore, when you look at the question of logistics, of ammunition available in the event of the failure of deterrence, the 5-year defense plan increases logistical spending by 20 percent per annum.

Now, plans are plans, but in this world many is the slip between the cup and the lip. Let's look at what the achievements have been in the first 2 years, that is the initial 40 percent of the 5-year defense plan.

When it comes to tanks, the percentage of the total 5-year plan authorized for the first 2 years is 50 percent. In other words, they are ahead of schedule. On artillery, the percentage is 39.8. They are 0.2 percent behind schedule. I don't know whether that is one artillery piece or one-half an artillery piece. And you can go down the line, there are some categories in which they exceed it—for instance, in tanks and in mine sweeping helicopters. But in no case are they more than 2 percentage points off the mark. With your permission, Senator, I will submit these figures to you. There is some kind of glitch. I will have my figures checked and perhaps we can get to the bottom of what is essentially the empirical side of the question.

[The information follows:]

CHANGES IN JAPANESE FISCAL YEAR 1987 BUDGET

Earlier in the hearing the chairman referred to a reduction in the Japanese fiscal year 1987 budget in the number of F–15's, destroyers, and tanks planned for the Japanese self-defense forces. In fact, the Japanese ministry of finance made these minor adjustments when it reviewed the Japan Defense Agency [JDA] budget request. The changes did not prevent Japan from fulfilling the defense goals she set for herself in

the 5-year defense plan. As the chart below shows, in the second year of the plan Japan has met or exceeded its defense goals in virtually all categories of major systems.

Item	1986–90 plan	1987 budget	1986–90 pct accom
Tanks	216	52	50.0
Artillery	216	43	39.8
Antitank helo (AH–1S)	48	8	37.2
Transport helo (CH–47)	36	6	37.4
Destroyers	9	2	44.4
Submarines	5	1	40.0
ASW patrol A/C (P–3C)	50	9	36.0
ASW helo (HSS–2)	66	17	45.5
Minesweep helo (MH–53)	12	2	50.0
Interceptors (F–15)	63	12	38.1
Transports (C–130)	7	3	71.4
AEW aircraft (E–2C)	5		

Other items of interest: Ammunition outlays, 25 percent increase over 1986; R&D funding, 12.3 percent increase over 1986.

JAPAN'S BUDGET EXPENDITURES ON OWN FORCES

Dr. JACKSON. When one moves beyond the question of how much Japan is spending on its own forces to the question of host nation support, again, Japan's record is a substantial one. In 1986, host nation support to our troops in Japan totaled $1.3 billion United States dollars. In 1987, it is projected to go up from $1.3 billion U.S. dollars to $1.7 billion U.S. dollars. I have not done the percentages on that, but that is a substantial increase.

FACILITIES IMPROVEMENTS

With regard to facilities improvement, the projection is that, at recent exchange rates, the Japanese Government will spend just short of $500 million on improving our facilities. With regard to labor cost sharing, that is, Japanese Government contributions to pay the salaries of Japanese civilians who work at American installations in Japan, in 1986, that contribution was $125 million, and in 1987 it will go up to $225 million. There will be slight increments as we move out over the next 5 years. In all, with regard to host nation support, in 1987, the Government of Japan will be providing 30,000 dollars' worth of support for every serviceman stationed in Japan.

JAPANESE PRACTICAL POLITICS

I would like to make two final points, one having to do with practical politics in Japan, another having to do with Senator Sasser's initial question and concern.

The first concerns practical politics. I think the decision to break the 1-percent limit that was reached this year by the Nakasone cabinet is an act of real political courage. According to a recent public opinion poll, 77 percent of the population opposes the government's actions.

I assume that the percentage opposing the change will go down with time, that that percentage is to some extent a reaction to the fear of

militarism that is profoundly inscribed on the Japanese political consciousness.

I assume this fear will go down with time. But, nonetheless, it is an act of substantial political courage on the part of Prime Minister Nakasone.

JAPANESE SHARE OF COMMON DEFENSE BURDEN

The final point that I would like to make is a question and an answer. Do I think that Japan is doing enough with regard to its share of the common defense burden? My answer is a flat-out no. More must be done. But the point of my presentation is that the trend is in the right direction and the growth in defense expenditures has been both steady and robust. If Japan fully funds the 5-year defense plan, this will make for a safer and more secure world in Northeast Asia.

Thank you.

That concludes my prepared remarks.

[The statement follows:]

PREPARED STATEMENT OF KARL D. JACKSON

DEPUTY ASSISTANT SECRETARY OF DEFENSE
(EAST ASIA AND PACIFIC AFFAIRS)

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO DISCUSS JAPAN'S CONTRIBUTION TO THE COMMON DEFENSE. IN YOUR FEBRUARY 3, 1987 LETTER TO SECRETARY SHULTZ, WHICH WAS PUBLISHED IN THE CONGRESSIONAL RECORD, YOU SUGGESTED THAT JAPAN, WHICH DEPENDS HEAVILY ON OIL FROM THE PERSIAN GULF, SHOULD HELP PAY FOR FUTURE CONSTRUCTION OF CONTINGENCY FACILITIES IN THE MIDDLE EAST-PERSIAN GULF REGION AS A DEMONSTRATION OF JAPANESE WILLINGNESS TO SHARE IN THE DEFENSE OF THE FREE WORLD. WE IN THE DEPARTMENT OF DEFENSE SHARE YOUR VIEW THAT JAPAN MUST CONTINUE TO DO MORE IN THE FUTURE, AS, I MIGHT ADD, DOES THE GOVERNMENT OF JAPAN. TODAY, I WOULD LIKE TO ADDRESS WHAT JAPAN IS PRESENTLY DOING, WHICH IS SOMETIMES UNDERESTIMATED, AND OFFER ANOTHER VIEW ON WHAT IS MOST DESIRABLE IN THE FUTURE.

JAPAN'S GROWING CONTRIBUTION TO ALLIANCE STRATEGY

DESPITE TENSIONS WITH JAPAN IN THE TRADE AREA, OUR DEFENSE RELATIONSHIP IS A SUCCESS STORY WHICH I WOULD LIKE TO REVIEW WITH YOU BRIEFLY. THE ADMINISTRATION SET FORTH TWO BASIC OBJECTIVES IN FEBRUARY 1981: (1) TO MAINTAIN JAPAN'S WESTERN ORIENTATION AND (2) TO OBTAIN A MORE EQUITABLE BURDENSHARING ARRANGEMENT BY SEEKING TO OBTAIN JAPANESE AGREEMENT TO (A) ACCEPT MEANINGFUL TERRITORIAL, AIR, AND SEA-LANE SELF-DEFENSE CAPABILITY WITHIN THIS DECADE, AND (B) GRANT U.S. INDUSTRIES ACCESS TO MILITARY TECHNOLOGY OWNED BY JAPANESE COMPANIES.

WE PURSUED THESE OBJECTIVES THROUGH QUIET DIPLOMACY RATHER THAN PUBLIC CRITICISM. SECRETARY WEINBERGER OUTLINED TO JAPAN'S FOREIGN MINISTER IN MARCH 1981 WHAT THE U.S. WAS WILLING TO DO: PROVIDE A NUCLEAR UMBRELLA; SUPPLY AN OFFENSIVE CAPABILITY WHICH JAPAN PROSCRIBES ITSELF FROM POSSESSING; AND DEFEND THE SOUTHWEST PACIFIC AND INDIAN OCEAN SEA-LANES. IN MAY 1981, THE JAPANESE PRIME MINISTER AGREED TO SHARE DEFENSE RESPONSIBILITIES AND STATED CLEARLY THAT TOKYO'S NATIONAL POLICY INCLUDED TERRITORIAL, AIR, AND SEA-LANE DEFENSE TO 1,000 MILES. IN DEFINING ITS RESPONSIBILITY FOR DEFENDING THE SEA-LANES, THE 1,000 MILES WERE MEASURED FROM TOKYO TOWARD GUAM AND TOWARD THE NORTHERN PHILIPPINES.

AS A FURTHER MANIFESTATION OF JAPAN'S WILLINGNESS TO PLAY ITS PART IN THE INTERNATIONAL SYSTEM, PRIME MINISTER NAKASONE PLEDGED AT WILLIAMSBURG IN 1983 THAT JAPAN WOULD PURSUE ITS RESPONSIBILITIES AS A FULL-FLEDGED MEMBER OF THE WEST. HIS CABINETS HAVE APPROVED SPENDING INCREASES WHICH HAVE TAKEN JAPANESE DEFENSE SPENDING FROM $12 BILLION 1983 TO $22.5 BILLION IN 1987. THIS GROWTH RESULTS PARTIALLY FROM THE APPRECIATION OF THE YEN AGAINST THE AMERICAN DOLLAR, BUT WAS ALSO ACCOMPLISHED BY INCREASING DEFENSE SPENDING MORE THAN FIVE PERCENT PER YEAR IN REAL TERMS DURING A PERIOD WHEN OVERALL JAPANESE GOVERNMENT SPENDING MANIFESTED EITHER NEUTRAL OR NEGATIVE REAL GROWTH. IN ORDER TO ACHIEVE THE GOALS OF THE 1986 TO 1990 DEFENSE PROGRAM, WHICH WILL GIVE THE JAPANESE THE CAPABILITY TO DEFEND OUT TO 1000 MILES IN THE 1990S, PRIME MINISTER NAKASONE BRAVELY AUTHORIZED SPENDING FOR 1987 ABOVE THE DOMESTICALLY SENSITIVE ONE PERCENT OF GNP DEFENSE SPENDING LIMIT ESTABLISHED IN 1976. PER CAPITA JAPANESE DEFENSE SPENDING IS NOW $187 AS COMPARED TO $95 IN 1983. (ACCORDING TO 1985 DATA NON-U.S. NATO DEFENSE SPENDING AVERAGED $255.)

SOME RESPECTED VOICES HAVE STATED OR IMPLIED THAT THE U.S. MIGHT HAVE PUSHED TOO HARD OR JAPAN MAY HAVE GONE TOO FAR. SUCH

STATEMENTS ARE AS INACCURATE AS ALLEGATIONS THAT JAPAN IS ENJOYING A "FREE RIDE" IN DEFENSE. ALTHOUGH THE JAPANESE DEFENSE BUDGET IS NOW SIXTH LARGEST IN THE WORLD, SECOND LARGEST AMONG NON-NUCLEAR ARMED NATIONS, AND COMPARABLE IN ABSOLUTE TERMS TO BRITAIN AND FRANCE, JAPAN IS ACQUIRING ONLY THE CAPABILITY TO MEET THE MODEST SELF-DEFENSE GOALS IT SPELLED OUT CLEARLY IN 1981. IN THE FACE OF AN INCREASING SOVIET MILITARY CAPABILITY IN EAST ASIA AND THE PACIFIC, JAPAN IS AIMING AT A MINIMAL SELF-DEFENSE CAPABILITY IN COOPERATION WITH THE UNITED STATES.

UNDER THE 1986-1990 DEFENSE PROGRAM, JAPAN WILL INCREASE ITS DESTROYER FORCES FROM MORE THAN 50 TO 60 SHIPS, AND ITS ANTI-SUBMARINE AIR FORCES TO 100 MODERN P3C AIRCRAFT, RESPECTIVELY ALMOST THREE AND FIVE TIMES AS MANY AS THE U.S. HAS IN THE WESTERN PACIFIC. JAPAN'S AIR DEFENSE WILL BE SPEARHEADED BY 200 F-15 AND 100 F-4 INTERCEPTORS, MORE AIRCRAFT THAN THE U.S. AIR FORCE HAS IN JAPAN, KOREA, AND THE PHILIPPINES COMBINED, AND ABOUT AS MANY TACTICAL AIRCRAFT AS WE HAVE DEFENDING THE CONTINENTAL UNITED STATES. LOGISTIC SUPPORT IN TERMS OF TORPEDOES AND MISSILES FOR SHIPS AND AIRCRAFT AND AMMUNITION FOR JAPAN'S 13 GROUND DIVISIONS IS BEING INCREASED BY ALMOST 20 PERCENT ANNUALLY SO THAT ALL THREE JAPANESE SERVICES WILL HAVE MARKEDLY INCREASED COMBAT SUSTAINABILITY IN THE 1990S.

JAPAN'S SELF-DEFENSE FORCES ARE ON STATION, 365 DAYS A YEAR, PAID FOR BY JAPANESE TAXPAYERS, ALONG A 1,000 MILE JAPANESE SEAWARD PERIMETER. THE INCREASINGLY SOPHISTICATED JAPANESE AIR DEFENSE AND ANTI-SUBMARINE SELF-DEFENSE NETWORK, COUPLED WITH A CREDIBLE U.S. NUCLEAR UMBRELLA, SEVERELY COMPLICATES SOVIET MILITARY ADVENTURISM IN THE PACIFIC. FORCED TO GIVE PRIORITY TO ITS EAST EUROPEAN AND CHINA BORDER FRONTS, THE SOVIETS COULD DECIDE TO STAY OUT OF THE PACIFIC RATHER THAN RISK SERIOUS LOSS OF ASSETS TO A JAPANESE-AMERICAN COMBINED DEFENSE.

JAPAN IS TOO SMALL TO SURVIVE A CONFLICT WITH A MILITARY SUPERPOWER INDEPENDENTLY, AND NEITHER JAPAN NOR ITS TRADING PARTNERS IN ASIA DESIRE TO SEE JAPAN ASSUME MILITARY SUPERPOWER STATUS. HOWEVER, THE QUALITY OF JAPAN'S PRESENT AND PROGRAMMED SELF-DEFENSE FORCES, ITS SECURITY PARTNERSHIP WITH THE UNITED STATES, AND ITS STRATEGICALLY IMPORTANT LOCATION GIVE JAPAN'S DEFENSE POSTURE REGIONAL AND EVEN GLOBAL IMPLICATIONS. IF THE SOVIETS ARE DETERRED FROM MILITARY ADVENTURES IN THE PACIFIC, U.S. FORCES CAN BE MORE FLEXIBLY DEPLOYED TO OTHER REGIONS, STRENGTHENING DETERRENCE IN OTHER THEATERS. THE U.S.-JAPAN ALLIANCE IN THE PACIFIC THUS RIVALS IN IMPORTANCE OUR NATO PARTNERSHIP IN THE ATLANTIC.

IN VIEW OF JAPAN'S HIGH TECHNOLOGY BASE, THE LARGE AMOUNT OF DEFENSE EQUIPMENT LEASED TO JAPAN BY THE U.S. PRIOR TO 1967, AND THE EQUIPMENT SOLD OR LICENSED FOR JAPANESE PRODUCTION SINCE THEN, IN 1981 SECRETARY WEINBERGER ALSO ASKED HIS JAPANESE COUNTERPART TO COOPERATE WITH U.S. FIRMS TO FACILITATE A RECIPROCAL TECHNOLOGY FLOW. SHORTLY AFTER ASSUMING OFFICE IN LATE 1982, PRIME MINISTER NAKASONE TOOK ON THIS SENSITIVE DOMESTIC ISSUE AND EXEMPTED THE U.S. ALONE ON A CASE-BY-CASE BASIS FROM JAPAN'S 1976 POLICY BANNING THE EXPORT OF DEFENSE TECHNOLOGY TO FOREIGN COUNTRIES. AN EXCHANGE OF NOTES IN LATE 1983 SET UP A U.S.-JAPAN JOINT MILITARY TECHNOLOGY COMMISSION TO REVIEW U.S. REQUESTS AND DETAILED ARRANGEMENTS WERE CONCLUDED IN LATE 1985. LAST YEAR THE FIRST TWO SMALL CASES OF TECHNOLOGY TRANSFER WERE APPROVED, AND THIS YEAR A MORE SIGNIFICANT CASE INVOLVING UNIQUE JAPANESE TECHNOLOGY FOR REPAIRING U.S. AIRCRAFT CARRIERS IS UNDER CONSIDERATION. IN THE ERA OF HIGH TECHNOLOGY DEFENSE, THERE ARE FEW OPPORTUNITIES FOR DETERRING SOVIET POWER MORE PROMISING THAN COMBINING U.S. AND JAPANESE TECHNOLOGICAL CAPABILITIES.

HOST NATION SUPPORT (HNS)

UNTIL RECENTLY, THE U.S. UTILIZED WORLD WAR II-CLASS FACILITIES FOR U.S. FORCES STATIONED IN JAPAN, MUCH AS THE U.S. DOES IN THE FEDERAL REPUBLIC OF GERMANY AT PRESENT. IN JAPAN WE NOW HAVE MUCH MORE ADEQUATE FACILITIES AND INCREASED READINESS OWING TO A GENEROUS, VOLUNTARY JAPANESE FACILITIES IMPROVEMENT PROGRAM WHICH BEGAN IN 1979. JAPAN CONTRIBUTED $100 MILLION IN 1979; THE AMOUNT

HAS GROWN EVERY YEAR AND FOR 1987 IS PROJECTED TO BE $496 MILLION. THE FIGURE FOR THE PERIOD 1985-1987 ALONE AMOUNTS TO MORE THAN $1 BILLION OF FACILITIES FOR U.S. FORCES. FOR THE PAST SEVERAL YEARS THESE MONIES HAVE BEEN AVAILABLE FOR OPERATIONAL AS WELL AS FOR SUPPORT FACILITIES. OWING TO THIS PROGRAM, U.S. MILITARY CONSTRUCTION IN JAPAN HAS AVERAGED ONLY ABOUT $30 MILLION ANNUALLY. (THESE LIMITED EXPENDITURES ARE GENERALLY FOR POLITICALLY SENSITIVE PROJECTS OR FOR REPAIR OF USABLE FACILITIES).

LET ME SPECIFICALLY ADDRESS YOUR SUGGESTION THAT THE JAPANESE SHARE THE COSTS OF BUILDING CONTINGENCY FACILITIES IN THE PERSIAN GULF REGION. WE BELIEVE IT WOULD BE POLITICALLY IMPOSSIBLE FOR JAPAN TO BUILD SUCH FACILITIES. STRONG PUBLIC REACTION TO THIS PROPOSAL COULD JEOPARDIZE THE CURRENT FRAGILE CONSENSUS ON DEFENSE ISSUES IN JAPAN, AND IT COULD EVOKE IN JAPAN'S NEIGHBORS OLD FEARS OF JAPANESE EXPANSIONISM. AS A RESULT OF SUSTAINED U.S.-JAPAN COOPERATION OVER THE PAST SEVERAL YEARS, JAPAN IS CONTRIBUTING A GREAT DEAL TO FACILITIES CONSTRUCTION IN JAPAN, CARRYING OUT THE MID-TERM DEFENSE PROGRAM, AND STEADILY INCREASING REAL DEFENSE SPENDING BY SOME 5% PER YEAR. THIS IS WHERE WE SHOULD CONTINUE TO CHANNEL OUR EFFORTS.

IN ADDITION TO FACILITIES CONSTRUCTION FOR U.S. FORCES IN JAPAN, THE JAPANESE ALSO VOLUNTARILY SHARE THE COSTS OF JAPANESE CIVILIAN LABORERS WHO ARE EMPLOYED BY U.S. FORCES IN JAPAN. WHAT BEGAN AS A $65 MILLION PROGRAM IN 1978 INCREASED TO $125 MILLION LAST YEAR. LATE LAST YEAR JAPAN AGREED TO INCREASE ITS SHARE OF U.S. COSTS BY APPROXIMATELY $100 MILLION FOR EACH OF THE NEXT FIVE YEARS.

ALL TOGETHER, JAPANESE HOST NATION SUPPORT FOR U.S. FORCES IN JAPAN FOR 1987 WILL EXCEED $1.7 BILLION, OF WHICH MORE THAN $700 MILLION IS IN FACILITIES AND LABOR COSTS ALONE. THIS IS THE MOST GENEROUS HNS PROGRAM THE U.S. ENJOYS ANYWHERE IN THE WORLD, AVERAGING MORE THAN $30,000 PER U.S. SERVICEPERSON FOR THE 55,000 AMERICANS STATIONED IN JAPAN. (U.S. COSTS FOR 1986 WERE $3.2 BILLION, $1.5 BILLION OF WHICH IS FOR MILITARY SALARIES. WITHOUT JAPAN'S CONTRIBUTION, OUR COSTS WOULD BE ALMOST $5 BILLION.)

FOREIGN AID

ALTHOUGH THE JAPANESE DO NOT GIVE MILITARY ASSISTANCE, THEY ARE THE THIRD LARGEST DONOR OF DEVELOPMENT ASSISTANCE OVERSEAS IN THE FREE WORLD, DISBURSING $4.3 BILLION IN 1984 AND $3.8 BILLION IN 1985, RESPECTIVELY. (A MULTILATERAL CONTRIBUTION IN 1984 RESULTED IN THE HIGHER FIGURE THAT YEAR.)

JAPANESE AID DOUBLED FROM 1976-1980, REDOUBLED FROM 1981-1985; AND A THIRD REDOUBLING PLAN BETWEEN 1986 AND 1991 IS UNDERWAY. JAPAN HAS INCREASINGLY UNTIED ITS AID AND HAS BEGUN DISBURSING IT OUTSIDE ASIA TO STRATEGICALLY IMPORTANT COUNTRIES, IN ACCORD WITH ITS JUDGMENT THAT JAPAN'S COMPREHENSIVE SECURITY CAN BE SERVED BY INCREASING THE STABILITY OF CRITICAL COUNTRIES.

THE TEN LARGEST RECIPIENTS OF JAPANESE AID FOR 1983-1985 ($ M)* WERE:

1983	AMOUNT	1984	AMOUNT	1985	AMOUNT
CHINA	350	CHINA	389	CHINA	388
THAILAND	248	MALAYSIA	245	THAILAND	264
INDONESIA	236	THAILAND	232	PHILIPPINES	240
PHILIPPINES	147	INDONESIA	168	INDONESIA	161
INDIA	130	PHILIPPINES	160	BURMA	154
BURMA	114	BANGLADESH	123	MALAYSIA	126
BANGLADESH	104	BURMA	95	BANGLADESH	121
MALAYSIA	92	EGYPT	81	PAKISTAN	93
SRI LANKA	73	PAKISTAN	67	SRI LANKA	84
PAKISTAN	73	SRI LANKA	64	EGYPT	73

* AID FIGURES ALWAYS LAG, AND, IN VIEW OF THE RAPID APPRECIATION OF THE YEN SINCE SEPTEMBER 1985, THE DOLLAR VALUE OF JAPANESE ODA IS LIKELY TO INCREASE DRAMATICALLY AS MORE RECENT DATA BECOME AVAILABLE.

CONCLUSION

THE CHARGE THAT JAPAN IS "FREE RIDING" IN THE DEFENSE AREA IS NOT SUSTAINABLE IN THE 1980S. THE DETERRENT VALUE OF JAPAN'S EFFORT IS SIGNIFICANT AND WILL INCREASE, AND THE FINANCIAL IMPACT HAS BECOME MORE APPARENT WITH THE MORE REALISTIC VALUE OF THE YEN SINCE SEPTEMBER 1985.

JAPAN HAS FURTHER TO GO IN DEFENSE, BUT IS CLEARLY ON THE RIGHT TRACK. IF THE 1986-1990 DEFENSE PROGRAM CONTINUES TO BE FULLY FUNDED, IN THE 1990S JAPAN WILL POSSESS AT LEAST A MINIMUM CAPABILITY FOR MEETING THE DEFENSE GOALS THAT THE U.S., JAPAN, AND OUR ASIAN FRIENDS SUPPORT. A FOLLOW-ON PROGRAM FOR 1991-1995 WILL HOPEFULLY BRING A MORE ADEQUATE CAPABILITY TO MEET JAPAN'S GOALS, THEREBY FURTHER STRENGTHENING PACIFIC DETERRENCE.

JAPAN CAN MEET ITS DEFENSE GOALS BY SPENDING LESS THAN WHAT MOST OTHER NATIONS SPEND AS A PERCENTAGE OF GROSS NATIONAL PRODUCT. GIVEN JAPAN'S WEALTH AND THE NEEDS OF MANY NON-COMMUNIST NATIONS FOR ECONOMIC ASSISTANCE, INCREASES IN JAPANESE ECONOMIC ASSISTANCE, THEREFORE, MAKE LOGICAL SENSE FROM A BURDENSHARING POINT OF VIEW. INCREASES IN JAPANESE ECONOMIC AID, HOWEVER, SHOULD NOT COME AT THE EXPENSE OF JAPANESE DEFENSE SPENDING WHICH DRAWS ITS RATIONALE FROM THE PROXIMATE SOVIET THREAT TO JAPAN. THE ADMINISTRATION SHARES THE GOVERNMENT OF JAPAN'S BELIEF THAT INCREASES IN BOTH DEFENSE AND ODA SPENDING SEEM APPROPRIATE AS JAPAN ENTERS THE 1990S.

THANK YOU, MR. CHAIRMAN.

JAPANESE MANPOWER FIGURES

Senator SASSER. Gentlemen, thank you very much.

Let me just make a few observations here, Mr. Jackson, with regard to some of your statements about Japanese accomplishments. Certainly they do proceed from a very, very low base.

Let us look at some manpower figures. We have 33 percent of the total population of the NATO countries, Japan, and the United States. Yet the United States provides 40 percent of the manpower for defense.

In fact, if you are a male citizen of the United States, you are 17 percent more likely to serve in the military than a male citizen growing up in an allied country, even those with conscription.

FINANCIAL RESOURCES

Now, let us look at financial resources.

The GNP of the United States amounts to 49 percent of the total GNP of all the allies—49 percent. Yet we are providing almost 70 percent of the total defense expenditures, 68 percent to be precise.

Let's look at percentage of GNP.

We are providing 6 percent of our GNP for defense. Europe is providing 3.5 percent. Japan is providing barely 1 percent.

Let's look at per capita expenditures for defense.

In the United States, we spend about $1,000 for every man, woman, and child, if my figures are accurate, for defense. In Europe, they spend about $255 for every man, woman, and child. In Japan, they spend about $185 for every man, woman, and child.

In the face of these facts, I think it is clear that, given the fiscal problems that we have here in the United States, given the fact that we are running budget deficits that have been in excess of $200 billion, given the fact that we now have become a net debtor nation for the first time since 1914, given the fact that we are now borrowing money and paying interest on it from the Japanese and other allies to pay the interest on the United States national debt, something is simply going to have to give.

NATO ALLIES

When we talk about being divisive, particularly with our Western European allies, when we discuss the withdrawal of United States troops, it was interesting for me to note that when we were discussing with the Soviets the withdrawal of the intermediate nuclear forces from Western Europe, it was our Western European allies who seemed to be most apprehensive about that. They were talking in terms of U.S. nuclear weapons to defend them in Western Europe.

Well, when those nuclear weapons go off, whether they are intermediate range weapons or long range, that, in my view, will inexorably lead to an all-out nuclear exchange with strategic nuclear weapons.

The only reason those intermediate nuclear weapons are there is because the Western Europeans will not live up to their commitment to

defend Western Europe with conventional armaments. Because they will not make those expenditures, we have had to put the intermediate-range nuclear missiles in there, and, in my view, if they are ever fired, we will be involved in an all-out nuclear exchange.

If the Europeans are confronted with these massive quantities of weapons, three to one superiority in tanks, two to one superiority in the tactical aircraft and whatnot, why are they not concerned about it? Why won't they make the expenditures to defend their own territory?

I see in the morning Washington Post where West Germany is one of the most comfortable countries in which to live, more comfortable, according to the index that I saw, than the United States. Yet, they can look right over their border and see the Soviet divisions.

DEFENSE OF NATO WITH CONVENTIONAL WEAPONS

Mr. Maresca, I will ask you this question. You are originally from the State Department. Why won't the Western Europeans make the commitment that they ought to make to defend themselves with conventional armaments? Why are we seeing ourselves, almost one-half a century after the Second World War, with 350,000 American troops there, 41,000 American civilians servicing those troops, and almost 300,000 American dependents in Western Europe?

Why won't they make the commitment to defend themselves conventionally if they are confronted with this frightening monolith from across the border? Could it be because they know the United States will do it for them?

What is your response?

Mr. MARESCA. I have a two part response, Mr. Chairman, to that question. One relates to the functions of defense and deterrence, which I think are obviously related and complementary functions, but which are distinct and different and play different roles in the equation.

Conventional defense essentially cannot provide deterrence. Deterrence is a matter of putting yourself into a position where your potential enemy is sufficiently afraid of what you might do in retaliation, of the damage that you might do to his own country, that he will not undertake an attack.

That function really can only be performed in the present circumstances by nuclear weapons, and by a strategic force which can attain targets in the Soviet Union.

BRITISH AND FRENCH MISSILE DETERRENT

Senator SASSER. If I may just interrupt, Mr. Gorbachev, or maybe it was his predecessor, said some time ago that you are just as dead whether you are killed with a French nuclear missile or a British nuclear missile. And, frankly, with the arsenal that the French have—they are not members of NATO—and certainly with the nuclear arsenal the British have, it looks to me like that would be a little bit of a deterrent without intermediate-range nuclear missiles there.

Mr. MARESCA. I would agree exactly with the way you have described it. It is a little bit of a deterrent.

Senator SASSER. Well, I didn't mean to describe it that way. [Laughter.]

Mr. MARESCA. It is a valid deterrent. I do not question that. Both the French nuclear systems, which are independent, which do not belong to NATO, and which France would take an independent decision to use or not to use, both those systems and the British systems, which are largely committed to NATO, do act as a deterrent.

But I think it is obvious that they do not provide the same kind of deterrent effect as the vast number of systems which we have available to us.

CONVENTIONAL FORCES IN NATO

Senator SASSER. Let's get back to the basic question. Why won't the Europeans make the expenditure to have conventional forces which would make it impractical for the Soviets to consider attacking them? You have to have, what, a 2-to-1 ratio if you attack? Why won't they make that expenditure?

Mr. MARESCA. Well, I believe there is a link between the two. As I was going to say, you have to have something which provides a link between conventional defense of Europe and the possible use of your deterrent forces. That, essentially, is the linkage that is provided by the U.S. forces in Europe. I think it is a valid linkage which remains necessary despite French and British forces.

Now, as to the question of why the Europeans do not try to do more in the face of what many of them—many of them, but not all of them—believe is a threat to their security, I would come back to what I alluded to in my presentation, which is to say that these countries have political situations, individual political situations which vary considerably and which are not always 100 percent supportive of the need for a strong defense.

All of them have groups. In Germany, for example, there are the Greens, and in England there is the Labor Party, which are currently hostile to all kinds of defense efforts. There are others. In France, you have a small Communist Party and it goes down the line.

In each of these political equations, there are large sectors of the population which are actively opposing strong defensive measures. The governments in place have to make the best of the political equation that they are faced with.

We have to do the best we can with the governments that are in place.

Each of them compromises along the line. Many of the people in office, many political leaders in Europe, believe that they should be doing more. But, as in our own country, they are not always able to do that.

I think that there are limits, definite limits, on the extent to which the United States, even with all the best will and all the cleverest ideas that we can come up with, will be able to influence the populations in these European countries.

Obviously we can do something and we should be doing the maximum.

CEILINGS ON UNITED STATES FORCES IN EUROPE

Senator SASSER. Let me make just one other statement here before I yield to my colleagues.

In your prepared statement, Mr. Maresca, you say that you wish to eliminate the current permanent ceilings on the number of U.S. forces that can be stationed ashore in NATO European countries.

Well, I just must say to you that in my view, Congress will never approve that. Removing the cap on the number of U.S. forces that can be stationed ashore in NATO countries would certainly take the pressure off our NATO allies to do more.

I am just wondering specifically what you mean by this statement. If the cap is lifted, how many more troops would be sent to Europe?

Mr. MARESCA. We have some specific—not large, I might say—but we do have some specific functions which we believe are necessary in the present circumstance over there which we would like to be able to provide the manning to do, but which, under the present circumstances, we are unable to do under the limits that are in place.

So, it is our position that we would like to see that limitation lifted.

Senator SASSER. Thank you.

Senator Proxmire.

Senator PROXMIRE. Thank you, Mr. Chairman.

EFFECT OF 14-PERCENT CUT ON NATO FORCES

Secretary Maresca, if the Congress uses the sequestration process this year—and it seems to me that there is a very strong likelihood that we will be forced to do so under the Deficit Reduction Act—estimates by CBO show that DOD will have to sustain a 14-percent across-the-board cut, including our commitment to NATO defense forces.

First, I want to ask what effect would a 14 percent outlay reduction have on our NATO commitment?

Then, could our European allies make up the difference?

Finally, would they make up the difference?

Mr. MARESCA. None of those questions is easy to answer, Senator. I would be glad to undertake a quick study of what our general reaction would be.

I think obviously a 14-percent reduction would be devastating to our efforts in many area. I think we would have to see how we would work out what was left. So I do not think it would be easy to answer that.

I think certainly the negative example of that kind of cut would have its effect on many of our allies—perhaps not all, but I think it would at least lead some of our allies to follow suit.

So I think it would work in just the opposite direction.

Senator PROXMIRE. Lead them to follow suit? In other words, they would make a cut, too?

Mr. MARESCA. Yes, sir; that would be my opinion.

Senator PROXMIRE. It sounds like they are not very serious. And, as the chairman has pointed out, they are right on the border. They can see the Soviet troops right across their line. They know they are under the gun. They are the ones who would suffer immediately from attack.

Why would they say well, if the U.S. has this deficit crisis, we are not going to do anything about it, so just let it go?

Mr. MARESCA. There are many things I could say in reply to that, but I will start by saying that it is largely a question of leadership.

This term is tossed around and in many ways has lost its meaning because it is used so often. But I think it is very clear, if one has worked in NATO, that the U.S. example provides a leadership example for the other NATO allies.

Senator PROXMIRE. We have provided the example, as the chairman has documented in spades, by spending a far higher proportion of what we have, although we are in a more difficult fiscal situation than our allies are. We have done that and they have not followed.

Mr. MARESCA. Well, that is true right now.

But, if you look back over a period of a decade or so, what you find is that during the 1970's, the growth in the European allies' defense budgets was actually higher than ours.

So, if you work it out over a period starting from about 1970 to about now, their growth rates in their defense budgets has actually been more.

Senator PROXMIRE. Well, their growth rates have been more. The chairman answered that, I thought, with respect to Japan, and it applies also to Europe. Their base is much lower. It is always easier under those circumstances.

Let me ask you this.

EUROPEAN BALLISTIC MISSILE DEFENSE SYSTEM

There has been considerable research devoted to a European ballistic missile defense system to be used against tactical short-range and medium-range nuclear missiles. This is concerned primarily with an attack in Europe. These are short range and medium range.

To what extent is the current research in this subject financed by our NATO partners? They are the ones, it seems to me, who should be paying for the whole thing. How much are they paying for?

Mr. MARESCA. Well, several of them have efforts in this area?

Senator PROXMIRE. Several have what?

Mr. MARESCA. Several of our European allies have major efforts in this area.

Senator PROXMIRE. Well, they may have major efforts, but we pay for it. My question was who pays for it? The Secretary of Defense has made it pretty clear that, sure, we are going to devote part of our SDI budget to paying European scientists and European research experts to do the job. But it is our money.

How much of their money is going into it? The fact is none of it, isn't that right?

Mr. MARESCA. No, sir.

Senator PROXMIRE. Well, you tell me how much money the European countries are putting into SDI research, of any kind?

Mr. MARESCA. Well, I'm not talking about SDI research.

Senator PROXMIRE. But I am talking about SDI research.

Mr. MARESCA. Oh, I thought you were asking a question about the antitactical missile system for Europe, which is not the strategic defense initiative.

Senator PROXMIRE. Well, it is being investigated by SDI.

Mr. MARESCA. On SDI, it is true that this is a U.S. project, and many of the Europeans, although we have contracts with them, are not actively interested in this.

Senator PROXMIRE. So the $100 million that is funded, all of it is coming from the United States and none of it from the Europeans, right? I mean, as far as the money is concerned.

Mr. MARESCA. We have cooperative efforts with a number of the European countries where they are doing some of the work and providing some of the funding. But the main effort, and I thought this was the focus of your question, is in the area of an antitactical missile system, which would be a European system, and where some countries are doing major things on their own.

I would cite, for example, the French system which is being developed, which has the capacity for doing this.

Senator PROXMIRE. As far as the SDI is concerned, the strategic defense initiative, the defense against short-range missiles that would benefit primarily the Europeans, is it true or is it not true that we are putting up the money?

Mr. MARESCA. We are putting up most of the money, but they are doing things, too, under individual contracts with individual countries.

Senator PROXMIRE. Well, you tell me, for the record at least, how much they are putting up.

Mr. MARESCA. I will have to provide that figure for you, sir.

[CLERK'S NOTE.—Information regarding SDI funding is classified, and will not be printed in the record.]

SHOULDERING COST FOR BALLISTIC MISSILE SHIELD IN EUROPE

Senator PROXMIRE. If we decide to deploy a tactical ballistic missile shield in Europe for European protection from Russian missiles, who, in your view, should bear the cost of that deployment?

Mr. MARESCA. This is the antitactical missile system that you asked about before, and this is not related, at least not intrinsically related, to the SDI. Obviously there would be some technological overlap. But that would be a system which we believe should be developed jointly by us with our allies, and certainly they should bear a large share of the funding.

Now, we have not gotten to the point where there is even an agreement on that.

Senator PROXMIRE. When you say a large share, what do you mean? Why shouldn't they bear it all? It is for their defense.

Mr. MARESCA. Well, that is true. But it would also defend our own troops. So we think we have an interest in that.

Senator PROXMIRE. Well, a large share is not very helpful. That could be 10 percent or it could be 90 percent. How much should it be?

Mr. MARESCA. We are at the very early stages of discussing this type of thing with the allies. There is not even an agreement in principle that such a thing should be constructed.

Senator PROXMIRE. So your response is that you have no idea whether they would contribute 5 percent or contribute 50 percent or contribute 75 percent?

Mr. MARESCA. I would restrict myself right now to saying that it should be a major share. We will only know after the whole concept is worked out with them and we know what kinds of systems they are.

Senator PROXMIRE. Does major mean at least one-half?

Mr. MARESCA. I could not even answer that right now, sir. I'm sorry, but it is too early in the stages of development of this whole concept to really talk about the specifics.

COST ESTIMATES ON R&D, PROCUREMENT, AND O&M

Senator PROXMIRE. Do you have any estimates of the R&D procurement, military construction, and operation and maintenance costs for that kind of system?

Mr. MARESCA. We can provide an estimate of that. But, once again, it is very early, and we do not even know what kind of system we are going to be talking about.

Senator PROXMIRE. Could we get that estimate in the next day or two?

Mr. MARESCA. I will try, sir.

[CLERK'S NOTE.—Information on R&D procurement estimates is classified, and will not be printed in the record.]

INTANGIBLE CONTRIBUTIONS BY NATO MEMBERS

Senator PROXMIRE. Now, when you combine the gross domestic product of all NATO countries together, you find that the U.S. share of this total is 48 percent, but we contribute 67 percent of the total NATO costs.

Does that not prove that we are making a contribution greater in magnitude, greater in sacrifice to our taxpayers than our NATO allies?

Mr. MARESCA. The figures of what we contribute to NATO defense are discussed often and there are different ways of measuring it. A lot of the things that we provide for NATO defense are strategic forces which are also for our own defense.

So it is very hard to draw the line of what we contribute strictly to NATO and what we provide for our own defense.

I am not sure that there is any agreement on precisely what is the dollar or percentage contribution of the United States to NATO defense, as such.

Senator PROXMIRE. The Secretary remarked in his report last March, and I quote, that "our allies are making a very substantial contribution to the common defense, much more than they are usually given credit for." In what I believe was an explanation of that view, the Secretary further said that the contributions of many NATO countries, although not matching the United States in terms of dollar expenditures, are more along the lines of a political and intangible nature, such as land donations, rent, and tax revenue waivers, maneuver damage, and noise related to disruption caused by troop stationings, all dealing mainly with the infrastructure program.

Now, how can these sorts of contributions be counted when, in fact, the main reason NATO exists is for their security, and they should be expected to make some of these intangibles or political sacrifices anyway?

Are we not indeed giving them too much credit for the level of participation that DOD classifies as contributions?

Mr. MARESCA. Well, one can debate how one would qualify the contributions of the European allies. I think one has to recognize that they do make a significant contribution. The question is whether it is significant enough.

There, as I said earlier, we would not disagree with the statement that they are not doing enough. We believe that both they and we should do more for our defense.

We think it is more profitable to focus on specific shortcomings than to simply exhort them to do more. This is what we have been concentrating on recently.

Senator PROXMIRE. Well, we do not put intangibles like that on our side of the ledger, when we are adding up our costs. We do not put the balance of trade effect or the R&D drawdown. Why should we give them credit that we do not take for ourselves in this kind of comparison?

Mr. MARESCA. Well, to a certain extent we do try to work things like that into our overall appraisal. But, on the other hand, as I mentioned, much of what we are doing we are doing for our overall defense in any case, and would do.

The fact of the matter is that our defense benefits from a stable Europe, and if we did not have a stable Europe, which was well defended, we, ourselves, would suffer.

So, I do not think it is fair to operate under the assumption that European defense is only in Europe's interest. It is definitely in our interest as well.

BUDGET CUTS BY NATO ALLIES

Senator PROXMIRE. I would agree with much of what you say, with their implications. But it seems to me that the way to validate the real need for this kind of thing is whether those who are right there under the gun—they are people who are concerned with their liberty, too; their freedom is at stake—contribute, with how much they contribute. I get from you the feeling that if we cut because we have to, with the terrific fiscal stringency that we have, the Europeans will just do the same thing.

Mr. MARESCA. Well, I think that is the case.

Let me just say that nobody really knows what would be the effect in Europe of major U.S. cuts of one kind or another. Nobody knows that. But, certainly, it would introduce an element of uncertainty.

Now, I would argue that that kind of uncertainty, in an area which has been comparatively stable for 40 years and where we have all kinds of interests and investments and everything else at stake, is not in our interest. Just the uncertainty is not in our interest.

Beyond that, I believe that it would lead to that kind of situation.

Senator PROXMIRE. Let me ask you one final question. I am not sure that we have not broached this before, but let me ask it once more. This will be my last question.

CUTBACK IN NATO SUPPORT BY UNITED STATES

Hypothetically, what are the strategic implications of the United States making a gradual move over the next few years to cutback its real support of NATO as an incentive for the other NATO-backed nations to increase their own contributions to the common defense?

Mr. MARESCA. Well, that is the kind of proposal that we are opposed to in the Department of Defense and I think throughout the administration.

I would say on a sort of personal note that I wrote an article that appeared in the Baltimore Sun a couple of weeks ago on this very issue.

Senator SASSER. So you wrote the article?

Mr. MARESCA. Yes, sir; at the end, I said that I thought it would be foolhardy to begin with unilateral U.S. withdrawals of our troops from Europe, but that if we were seriously interested in doing that, we should sit down with the Europeans and discuss it with them so that we would try to insure that such reductions would bring about the Europeans making them up.

I believe that those discussions would be extremely difficult, but that I think would be much better than just withdrawing them.

GRADUAL TROOP WITHDRAWALS

Senator PROXMIRE. I am not asking about a withdrawal of our troops from Europe. I realize that this is an absolute commitment that we have. I agree with the chairman on that. We cannot cut out of Europe. We are not going to. I think the Mansfield proposal was too much.

But, I am talking about a gradual reduction, a modest reduction. Because of this terrific stringency, we are cutting everything else, all our social programs and so forth.

Mr. MARESCA. Senator, we are on the threshold, we believe, of a new negotiation with the Soviet Union on reductions of conventional forces in Europe. It is just beginning in Vienna, but we believe that it will lead to a new negotiation on troop reductions from the Atlantic to the Urals.

It is my belief, and I think it certainly is the belief of everybody in this Government, that to bring about even modest reductions, at a time when you could negotiate for balanced reductions, would be foolish. So that, I think, is my answer.

Senator PROXMIRE. Thank you.

Thank you, Mr. Chairman, and I want to congratulate you once again for holding these hearings. They are very, very helpful.

Senator SASSER. Thank you very much, Senator Proxmire.

Senator Reid.

Senator REID. Mr. Chairman, thank you very much. I have just a couple of areas in which I want to make inquiry. I have to go and testify at another hearing that is now in progress.

UNITED STATES INSTALLATIONS IN SPAIN

I heard on the news this week and have been following it as closely as I can that the Secretary has been in conference with the Spanish Government regarding installations that we have in Spain. For example, there is the Torrejon Air Base that we use in Spain. It is my understanding that they are talking about telling us that we must move that tactical fighter wing which we have there.

Just give me an indication of what is going on in Spain.

Mr. MARESCA. Yes, sir.

We have a base agreement which is due to run out in 1988, and we are negotiating with them for renewal, essentially. This is a negotiation between countries which are old friends and allies.

There is a disagreement about the specific outcome of that negotiation, but we believe that our common interests with the Spanish will override and that eventually we will come to some conclusion which is satisfactory to them and to us.

TORREJON FACILITY

Senator REID. Would you be kind enough to call me or send me something as soon as the first round or whatever round we are now in of those negotiations take place in Spain? I am particularly interested in the Torrejon facility.

Mr. MARESCA. We have had several rounds already, and we are due to have more. It is a continuing negotiation.

The focus is on Torrejon.

Senator REID. Do they want more money? Do they want us to move troops out of there? What do they want?

Mr. MARESCA. No, sir; they do not want more money. In fact, in our new agreement, we do not envisage that we will have security assistance to Spain because their economic situation has improved and we do not believe that it should be necessary.

They want, essentially, to close that base and move our forces out. We have discussed the possibilities for relocation and so forth. So there is a possibility that, in the end, that base would be closed.

I think more than that it is difficult to say at this time because the negotiations are continuing on.

Now, I would be glad to insure that you are informed, maybe periodically would be the easiest way——

Senator REID. I would appreciate that.

Mr. MARESCA [continuing]. Because it is continuing.

DIRECTION NEEDED ON BUDGET

Senator REID. Mr. Chairman, the last thing I would like to say before I rush out of here is this. Spring is coming this week, and we have been here now in this 100th Congress for several months. I have difficulty comprehending what is happening down at the White House.

We are now getting to a point where we are going to have to make some decisions. You heard Senator Proxmire talk about 14 percent across-the-board sequestration cuts. If nothing else happens from this hearing today, I personally would appreciate your delivering a message to the Secretary that we up here are past the ability to be magicians. The smoke and mirrors time is gone.

We are going to have to get some more direction, and we are going to have to have a little lead time. Otherwise, there are going to be some serious impacts on the security aspects of this country.

The time for saying somebody else is going to take care of it is gone. If we accomplish nothing else, I repeat that I would appreciate you personally taking the message to the Secretary and maybe he could take one to the White House that we have to do something with these revenue enhancements, with user fees. You know, in the budget that no one talks about, it is my understanding that the budget that has been submitted to us by the White House talks about $20 billion tax increases—which no one talks about.

I think the chairman would agree that we are beyond the point of being able to be magicians. I, at least, do not know how we can do it. The day is fast approaching when these cuts are going to have to take place and we are just going to have to walk away from them.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Reid.

401ST TACTICAL FIGHTER WING IN SPAIN

Gentlemen, currently the United States and Spain are negotiating the future of our military presence in that NATO allied country. Secretary Weinberger is in Spain discussing this whole problem. For the moment, it appears that the Government of Spain is determined to force a

United States troop reduction on their soil. They do not want us there anymore. In particular, they want to get rid of the 401st Tactical Fighter Wing of 79 F–16 aircraft.

Now, this is very troubling, and for a lot of reasons. First, the Air Force mission in Spain is very important, I am told, for the protection of NATO's southern flank, and I believe that to be an accurate assessment.

General Rogers, our commander in Europe, has stated that there is no way that Spain is capable of assuming, by itself, the air mission burden that is now being carried by those F–16's in Spain.

In fact, the Spanish Government has estimated it would have to double its defense expenditure to make up for this lost United States capability. As much as I would like to see that happen, reality dictates that it probably is not going to happen.

REPLACEMENT COSTS OF TORREJON

Now, the replacement value of that Torrejon Air Base outside of Madrid is about $1 billion, I am told. The commander of the wing that is currently stationed there has told this subcommittee that, in military construction costs alone, it would cost $300 million to move the wing to another location, where it might continue to perform its mission in protecting NATO's southern flank.

In line with what Senator Reid has just said, I do not see where that $300 million is going to come from. I just do not think it is there.

In my view, if Spain forces the United States Air Force out, then Spain, I think, ought to be required to pay the relocation costs.

The State Department has requested this year $288 million in foreign aid to Spain. This would just about cover the cost of moving that fighter wing. And if the Spanish government forces that fighter wing out, and if they won't come forward and help pay the relocation costs, and there is precedent for that—that was done when we were forced out of France, NATO picked up the cost of relocating a number of United States force commitments—I am seriously considering pursuing the option, if the Spanish Government will not pay the relocation costs, of just paying it with that $288 million in foreign aid when it comes before the full Appropriations Committee. Just delete that $288 million out of the foreign aid budget and pop it over into another budget to pay for the relocation costs of that fighter wing.

Gentlemen, what is your view? Do you not think if we are forced to move that fighter wing that the Spanish ought to pay for it?

You are not going to come back up here later on and ask this committee to pay for it?

Mr. MARESCA. Mr. Chairman, first of all, let me mention a few details of clarification.

The money which we are providing under security assistance to Spain now is a result of our previous base agreement, which was signed several years ago and which is still continuing. This money that you mentioned is an obligation which we have to Spain under that agreement.

It is largely committed to the purchase of F–18's from the United States. So it is not as though it is money which is going somewhere else. It is coming back in terms of purchases of U.S. equipment.

The F–18's, the Spanish Air Force F–18's, are, of course, not integrated into NATO's military structure. Spain is not integrated at this time. So the Spanish Air Force and the planes that they have available do not in any way perform the same type of functions as our F–16's. The F–16's are NATO committed and they would be used across the southern flank in time of war.

So that has a very different function.

We agree with you that the Spanish are not in a position to make up for that function under present arrangements. Maybe some time in the future they would be, but at the present time we see nothing of that kind.

Now, as far as relocation costs are concerned, we generally agree with you that, if we are forced to move, or whatever, our bases, we would have to work out some kind of costing arrangement with the Spanish. They are not asking us to move out of all the bases, of course. Their focus is primarily on Torrejon and on the F–16's.

We believe that, in the end, it is going to be possible to reach some kind of satisfactory conclusion here. But it is still in the fairly early days of this negotiation and it is probably going to take a lot of patience and working with them in order to come to a satisfactory conclusion.

In any case, there will be some reductions in the number of forces that we have in Spain. We have agreed with the Spanish that there should be some reduction, and we believe that there are certain missions that we have there which they can legitimately assume.

Senator SASSER. Gentlemen, Mr. Maresca and Mr. Jackson, I thank you very much for your testimony here this morning. I think we are making some progress in the Congress in getting your attention and, hopefully, that of our allies. We have a very serious issue that is confronting us. I think Senator Reid put his finger on it. We are running out of cash.

This simply means that our NATO allies, principally our NATO allies, and the Japanese, to a lesser extent, are going to have to start picking up a heavier share of the burden of defending the free world.

As we move down that path, I think we are going to just see whether or not our NATO allies are really willing to make the expenditure to defend themselves.

I have a hunch that we are going to be seeing the answer to that question within the next 4 to 5 to 6 years. I hope it is in the affirmative. But at this juncture, I am really not sure.

So, Mr. Jackson, Mr. Maresca, we will excuse you at this point unless you have something else you wish to tell us.

Mr. MARESCA. No, sir; thank you.

Dr. JACKSON. Thank you, Mr. Chairman.

Senator SASSER. Thank you both very much.

NATO Infrastructure Program

STATEMENT OF CAPT. MICHAEL M. DALLAM, CEC, U.S. NAVY, DIRECTOR, QUALITY FACILITIES ACQUISITION DIRECTORATE, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE (ACQUISITION AND LOGISTICS)

BUDGET REQUEST

Senator Sasser. We will now hear from Capt. Michael Dallam of the Office of the Secretary of Defense and from Mr. Joe Loveland, the Director of the NATO Infrastructure Program at the U.S. mission in Brussels.

I want to welcome these witnesses here this morning. I would say that I regard the NATO Infrastructure Program as the only pure burden-sharing program funded by the Congress.

Mr. Loveland, I will say, in particular, that you have the gratitude of this subcommittee for the efforts that you have made to secure the recoupment of funds that were prefinanced in earlier years.

So we will be pleased to hear your testimony now.

Mr. Loveland. Mr. Chairman, might I suggest that we hear from Captain Dallam first.

Senator Sasser. Very well.

Captain Dallam.

Captain Dallam. Mr. Chairman, it is a pleasure to be here before you this morning. I will summarize my statement, if I may, in recognition of the time constraints.

I would like to highlight a few of the items in particular and then Mr. Loveland will go into much more detail with respect to the NATO Infrastructure Program.

The fiscal year 1988 budget request is for $396 million in new appropriation for the U.S. contribution to the NATO Infrastructure Program.

For fiscal year 1989, the amount is $412.1 million required in new appropriations.

The U.S. cost share remains at 27 percent, even though 35 percent to 45 percent of the NATO Infrastructure Program is directed solely toward projects in support of U.S. forces assigned to NATO.

An additional 25 to 30 percent of the funding goes to satisfy jointly used and theaterwide requirements, from which U.S. forces receive a significant benefit.

The annual infrastructure program now totals some $1.8 billion, and includes most of the projects that the United States has identified as high priority.

In particular, the programming of essential airfield facilities for the beddown of U.S. tactical air reinforcements will be completed by 1990, along with the construction of several hundred new aircraft shelters. The 1987 NATO program includes some $150 million for that purpose.

The final increment of funding for the United States deployment of the Patriot missile was provided for funding this past year, and extensive airfield and storage construction in Norway for the U.S. Marine Corps prepositioned stocks nears completion.

The 25 to 30 percent of the program that supports theaterwide requirements provides for a variety of items that are essential to all of the allied forces. Command and control requirements include theater communications systems, satellite ground terminals, crypto systems, early warning radars and their associated ADP systems.

EXPANSION OF INFRASTRUCTURE CRITERIA

We would like to highlight three particular items which have been of interest to this committee and to the Congress in general in the past. The news on those three items is a strong good on two of them and I think mixed on the other one. The first one where the news is on balance, I think, very good is with respect to the expansion of infrastructure criteria.

For several years, the committees have pressed the Department to get more U.S. construction requirements in Europe funded by NATO. That remains our policy.

In recent years, we have had success in getting NATO funding for some new operational requirements. Most notable is the Army's weapons access delay system, which is now authorized for infrastructure funding. NATO is also considering authorizing facilities support for Army combat helicopters.

Discussions are ongoing for expanding the eligibility to include other requirements at this time. One of the primary things that is being considered is contingency medical facilities.

U.S. CONTRACTOR PARTICIPATION

Another item where the news is mixed between good and perhaps not so good is with respect to U.S. contractor participation.

We have had virtually no success in getting the U.S. construction industry interested in bidding on NATO infrastructure funded construction. This is primarily due to the fact that in most of the NATO countries, a well established construction industry already exists and it is difficult for a foreign contractor to go in and compete favorably.

The encouraging byproduct of our ombudsman's efforts, however, has been the increased interest and success on the part of U.S. suppliers of equipment and material. They are having a large degree of success in providing equipment and materiel for various infrastructure projects and programs.

RECOUPMENT

By far the best news is with respect to recoupment.

During the past year, we exceeded by $8 million the $30 million target that had been established by Congress for fiscal year 1986. Thus far, in fiscal year 1987, we have recouped some $58 million and an additional $46 million has been authorized and is in some phase of the collection process.

In closing, the primary item I would like to comment on is really the size and importance of the budget request for fiscal years 1988 and 1989. Those two requests do appear to be significant increases over the previous year, 1987.

This is due, in part, to two factors. The first is the increased size of the infrastructure program, which was agreed by the nations. This increase was really largely as a result of pressure from the United States encouraging the nations to increase the burden sharing and contribution of this program.

The second, and perhaps primary, reason is the continued deterioration of the dollar against European currencies. Of importance to the budget request now before you is the significant shift in the dollar since the preparation of the budget some 4 months ago.

During that period of time, that impact has been significant and there is an anticipated shortfall for the next 2 fiscal years if the dollar remains in its current position.

In other words, this budget request was adequate when it was prepared last fall. But as a result of the deterioration of the dollar since then, the request is no longer adequate unless the dollar strengthens in the months ahead.

I was encouraged to hear you note just a few minutes ago with respect to recognizing that the NATO Infrastructure Program is an existing program that, in large measure, it achieves the sort of goals that your committee feels is an increase in the allies' contribution to common defense.

I certainly think this program falls into that category, due in large measure to two factors. One is the size of the program, which has been significantly increased. Also, I think it is recognized that the U.S. contribution of 27 percent is beneath the return that we are receiving in support of our forces that are assigned to NATO.

Your assistance in supporting our requirements is essential. What we are really saying is that full funding for the fiscal years 1988 and 1989 request is essential if this program is to continue uninterrupted over the next 2 fiscal years.

This concludes my statement. I would be happy to answer any questions.

I would ask that Mr. Loveland continue with a detailed discussion at this time.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF CAPT. MICHAEL M. DALLAM, CEC, USN

Director, Quality Facilities Acquisition
Office of the Deputy Assistant Secretary of Defense
Subcommittee on Military Construction
Senate Appropriations Committee
March 18, 1987

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to appear before your committee to discuss the Department of Defense Fiscal Year 1988 and 1989 Military Construction Programs as they relate to the NATO Infrastructure Program. I would like to make a few remarks and then Mr. Loveland, Director of Infrastructure and Logistics at the U.S. Mission to NATO will follow with a more extensive statement on the NATO program.

FY 1988/1989 Request.

The Fiscal Year 1988 budget requests $396 million in new appropriation for the United States' share of the NATO Infrastructure program. Total obligational authority requested is $436 million and includes an estimated $40 million in recoupments. The Fiscal Year 1989 request is $452.1 million in obligational authority with $40 million from recoupment and $412.1 million required in new appropriation.

U.S. Contribution.

The U.S. cost share remains at 27 percent as it has for the past 12 years. This is considerably less than what our contribution might be based on Gross National Product and the program's benefit to US. forces. About 35-40 percent of the funding is directed soley at support of U.S. NATO-assigned forces. An additional 25-30 percent of the funding goes to satisfy jointly used and theater-wide requirements and from which U.S. forces secure significant benefit. It is because of our outlays of manpower and materiel that the negotiated cost share decreased from the program's early years and has since remained constant. The cost shares of the European allies - although lower than ours - do not reflect other significant expenses associated with execution of the Infrastructure program. As host nations, they are responsible for, but not reimbursed for, providing land, access roads, and utilities connections. In addition to these nonreimbursable costs, the host nations also forfeit any revenues or taxes that could otherwise have been generated by the real estate made available to NATO.

U.S. Requirements.

Annual Infrastructure programs now total some $1.8 billion and include most high priority U.S. requirements. The programming of essential airfield facilities for the beddown of U.S. tactical air reinforcements will be completed by 1990 along with the construction of several hundred new aircraft shelters. The 1987 NATO program includes some $150 million for these essential facilities and shelters. The final increment of funding for the U.S. deployment of the PATRIOT missile was provided this past year and extensive airfield and storage construction in Norway for U.S. Marine Corps prepositioned stocks nears completion. In Iceland, NATO funding is providing additional fuel storage and a significant upgrade of the air defense system. Recently, the allies agreed to commonly fund the storage required to implement the U.S. - German Wartime Host Nation Support Agreement. NATO support also continues for a wide range of other U.S requirements such as security upgrades, restoration of existing facilities, POL storage and distribution, and maritime facilities.

The 25-30 percent of the program that supports theater-wide requirements provide for a variety of items that are essential to all allied forces. Command and control requirements include theater communications systems, satellite ground terminals, crypto systems, early warning radars and their associated ADP systems. Primary and alternate war headquarters are provided for the Major and subordinate NATO commanders. Continued improvements and extensions to the Northern

and Central European pipeline systems increase fuel storage distribution and throughput capability for all NATO forces. Major air and sea reception facilities are also being constructed with Infrastructure funds.

Expansion of Infrastructure Criteria

For the past several years, the Committees have pressed the Department to get more U.S. construction requirements in Europe funded by NATO. It remains our policy to seek NATO funding for our facilities requirements when it is beneficial to the United States. In recent years, we have had success in getting NATO funding for some new operational requirements. The Army's Weapons Access Delay System (WADS) has been authorized for Infrastructure funding and NATO is now considering facilities support for Army combat helicopters. Discussions are ongoing for other programs such as contingency medical facilities. Because of the wide variations in national standards regarding safety, health, survivability, and working conditions, it is economically more prudent to continue to use MILCON funds for certain types of projects such as barracks, dining halls, and other personnel support facilities.

U.S. Contractor Participation

We have had no success in getting the U.S. construction industry interested in bidding on NATO-funded construction. To date, there are some 50 U.S. firms certified or in the process of being certified to do business with NATO. Over the past two years, all projects over $5 million were advertised and a number of company representatives have met with the DoD ombudsman. Despite these efforts, U.S. contractors have not responded to the program; partly because the projects are too small and diverse and, additionally, because there are already well established construction industries in the NATO countries and U.S. companies are apparently not willing to make the expenditures required to establish themselves and be competitive in Europe. An encouraging byproduct of the ombudsman's efforts has been an increased interest on the part of U.S. suppliers of equipment and materiel. In keeping with the FY 1987 language, we will continue our efforts, however, only projects in excess of $15 million will be advertised. As in the past, U.S. companies competing for Infrastructure-funded technical equipment and services continue to be very successful.

Funding Requirements.

Our Fiscal Year 1988 and 1989 requests appear to be siginificant increases over the previous year. This is due, in part, to the increased size of the Infrastructure program as agreed by the nations, but the major impact is due to the continued deterioration of the dollar against European currencies. I wish to stress that the significant shift in the value of the dollar since the preparation of the budget some four months ago has already created an anticipated shortfall for the next two fiscal years. Mr. Loveland will address this problem in greater detail.

Your assistance in supporting our requirements is essential if this very important program is to continue uninterrupted over the next two fiscal years.

This concludes my statement on the Department of Defense FY 1988 and FY 1989 request for the NATO Infrastructure program.

Thank you Mr. Chairman.

U.S. MISSION TO NATO

STATEMENT OF T.J. LOVELAND, DIRECTOR, INFRASTRUCTURE AND LOGISTICS, U.S. MISSION TO NATO

U.S. REQUIREMENTS IN INFRASTRUCTURE PROGRAM

Senator SASSER. Do you have a statement, Mr. Loveland?

Mr. LOVELAND. Yes, Mr. Chairman; I have submitted it for the record. I would like to summarize it, if I might.

Senator SASSER. We would be pleased to hear it.

Mr. LOVELAND. Happily, in your initial comments you indicated that you knew about our program. So I do not have to go into its history.

I am extremely gratified by your feelings about the program, which we have run for the last 20 years on the basis of these inputs, these dialogs, that we have when we come back here with the committee.

I am especially pleased in your reaction because the other House is sometimes less favorable.

In addition, Mike Dallam appears to have covered about one-half my summary, so I will give you the rest of it.

As you know, we have been very successful over the years in including U.S. requirements within the covered projects in the infrastructure program. We have said that we get back about 5 dollars' worth of facilities for every $3 that we put into the program. It varies from year to year.

As Mike said, the U.S. cost share of the program remains at about 27.8 percent, smaller than would be indicated by either our share of NATO's total GNP or the U.S. benefit from the program.

It tends to balance, therefore, the relatively larger U.S. shares in other defense programs.

In addition to that aspect, our allies have, from time to time, used the program to make other concessions to the United States, such as, as you mentioned, the $100 million contribution to moving us from France.

Incidentally, not only did the allies do that, but the French also paid back $100 million some years later for the facilities they took over.

AIRCRAFT SHELTER PROGRAMS

Also, there was a $500 million contribution, without U.S. participation, to the original aircraft shelter program; a $140 million contribution to build U.S. facilities, which were not normally eligible for NATO funding, which was, in effect, a way of reducing our cost share of the program, and, most recently, the agreement for the extensive reinforce-

ment support category, which covers the POMCUS and the aircraft requirements for reinforcing forces.

As you say, sure they should cover it. But that is not always evident in the heat of the discussions that we have on who pays for what.

Mr. Chairman, this is a very different program from the one that I have been describing over the past 20 years. U.S. concerns have been resolved in the matters of underfunding, recoupment for U.S. prefinancing, inclusion of projects to support U.S. reinforcements in time of crisis, and visibility of NATO procedures.

While the program continues to serve our interests, it now does so better than ever before and in a more orderly manner.

ALLIANCE AGREEMENT

Alliance agreement in December 1984 to a 6-year funding ceiling of over $10 billion represented a real increase of some 56 percent over the previous period. And it presented a real challenge for the NATO and host nation machinery to increase its rate of implementation.

In 1985 and 1986, we have met our expenditure goals, in some cases by advancing the programming of completed projects prefinanced by individual nations.

By 1986, we met our construction start goal, and we now predict that our implementation rate will support the need for the high fund ceiling.

This was one of our major aims in order to justify a still higher ceiling in the post-1990 period, to reduce our 12-year backlog of urgent projects yet to be included in annual programs.

RECOUPMENT OF PREFINANCED PROJECTS

You will have noted that our recoupment of U.S. prefinanced projects has benefitted from our expenditure procedures. In fact, our fiscal year 1986 recoupment was $18 million more than predicted. We expect to surpass fiscal year 1987 projections by some $60 million.

We now estimate an fiscal year 1988 recoupment of $40 million, which will complete all of the backlog that existed before fiscal year 1986, some 3 years ahead of our prediction.

Much of our recoupment was for aircraft shelters and operational base facilities in support of U.S. reinforcements. Such facilities also feature strongly in the programming for new construction, and we expect to more than fulfill NATO's commitments in response to the Cohen amendment of 1984, which replaced the Nunn amendment that you referred to.

DISTRIBUTION OF PROJECTS

Finally, the NATO program has come of age in adopting clear, concise procedures that enable national authorities to synchronize national with NATO actions. The greater funding of the program required that NATO military authorities establish a long-term plan to acquire facilities. Wenow have a 6-year rolling plan showing the expected distribution of projects over the 1988–93 program.

This allows us to start design as much as 3 years before programming, coordinate with U.S. programs on conjunctively funded projects, and to make informed decisions on any U.S. prefinancing which may be required, as well as the time it will take to recoup the funds.

The long-term plan also allows U.S. industry to intercede at the appropriate time on projects of interest to them.

It would be useful to note that 50 percent of the high-tech projects in this program are won by U.S. industry. Unfortunately, that is only one-third of the program. But we invest $27 million and we get $17 million back for industry.

Another fallout from our planning activities is an agreed goal for annual programming, obligation, and expenditure over the 6-year period. We monitor these figures closely in order to take compensatory measures if any of them threaten to deviate from the goals. Thus, our allies are assured that their projected expenditures, the basis for their budgeting, will be relatively accurate and the United States, which budgets based on obligations, has equal assurance.

As noted earlier, all of this has had a salutary effect on our rate of acquisition of facilities.

I think you will agree, Mr. Chairman, that we have done a good job in preparing for our success by enlarging, simplifying, and rationalizing this formerly arcane NATO program that only we understood.

FALL IN U.S. DOLLAR

On the NATO side, I can report that all is well. On the U.S. side, however, our success has led to the problems that Captain Dallam suggested earlier.

Now that we have greatly expanded the program, we are faced with a rapidly fluctuating dollar, compared to the NATO infrastructure accounting unit in which our commitment is taken.

From 1980 to 1985, this phenomenon acted to our advantage, permitting us, for instance, to generate some $335 million to cover obligations in fiscal year 1984 to 1986, without seeking appropriations.

Since 1985, however, the trend has reversed, and the obligations we are now taking in fiscal year 1987 and will take in fiscal year 1988 are only possible by charging the additional cost to a foreign currency fluctuation account.

At some point in the future, however, that account will have to be funded to allow us to meet those obligations.

I, therefore, join Captain Dallam in requesting full funding for this program in fiscal year 1988.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF T. J. LOVELAND

Director, Infrastructure and Logistics
U.S. Mission to NATO

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to appear before your Committee to support the proposal of the Department of Defense for an appropriation of $396M for Fiscal Year 1988, as the U.S. share of the common-funded NATO Infrastructure Program. From FY 1968 to FY 1978, the U.S. contribution to the NATO Infrastructure Program was funded under Authorizations and Appropriations for Military Construction, Army. Starting in FY 1979, Congress decided to include it in Military Construction, Defense Agencies, since the line item was in support of all three Services. After some experience under the new decision, Congress decided in 1981 to create a separate Title V of the Military Construction Authorization Act. The Infrastructure Program provides the facilities that are necessary to support NATO military forces and which are necessary to support NATO military forces and which are intended for common use or which have a high degree of common interest. The term covers such varied items as airfields, air defense facilities, communications, missile sites, war headquarters, weapon storage sites, pipelines, and POL depots. It does not normally cover general purpose depots, troop billets, nor has it covered in the past other logistics support facilities closely related to national standards and practices, although a one-time exception was made to fund such facilities from this program as reimbursement for certain of the U.S. costs for relocation from France. Another such exception is the U.S. Special Program (1975-1979), a device by which the U.S. cost share was reduced. More recently, NATO nations have agreed to a reinforcement support category in support of U.S. requirements, which covers many of our storage and reception facilities.

The NATO Infrastructure Program has been a most successful common endeavor, and has been credited with fostering a large part of the cohesion among the Allies. Essential military facilities costing about $13B are under construction or completed, and facilities worth another $9B are programmed through CY 1990. The program has given NATO a network of modern airfields, an efficient system of POL distribution and storage, common communications without which the NATO command structure could not function, essential air defense warning installations, and air and naval navigational aids. By jointly financing these and other types of facilities designed to enhance the effectiveness of NATO forces, NATO nations have demonstrated in a most realistic way their determination to provide for the common defense. Once the program had provided most of the basic facilities required in the common defense, its character gradually changed. The requirement for major air and naval installations gave way to the new requirement for modernization and expansion of existing basic facilities. Airfields must be improved so that they can support today's more complex aircraft. The POL system should be modified to ensure its ability to function in an emergency independent of certain portions which might be denied in case of such an emergency. In addition, it must be expanded to serve new defense strategy and to cater for the greater consumption rates of newer equipment. Progress in communications technology has resulted in dramatic change. The NATO Satellite Communications System is based on the U.S. interim defense communication satellite system. New satellites are programmed for launch starting in 1990. Another example is the semi-automation and integration of NATO's early warning system to provide a control and reporting system for the air defense of Allied Command Europe. This system has been augmented in order to accept the information to be provided from the new AWACS facility, with further expansion planned to provide a modern Air Command and Control System. Finally, in order to make the program fully responsive to the NATO "flexible response" strategy and associated force planning, we have been providing facilities to support improved air defense, weapons storage security improvements, reinforcement support facilities, and conventional capabilities for NATO air forces.

The new orientation of the program is designed to provide a large proportion of the facilities needed by U.S. forces. In particular, it supports controlled humidity storage, which maintains in good condition equipment of our dual-based forces, and facilities for storage of war reserve materiel. The program also includes aircraft survival measures, some of which were implemented by the U.S. Air Force with the approval of Congress on a prefinanced basis, in order to ensure early construction. Current emphasis is on such items as command and control facilities, forward storage, security improvements, and most particularly, on facilities in support of external reinforcements. The previously ineligible category of logistics facilities is receiving more attention in the framework of NATO's emphasis on cooperative logistics efforts and on the sustainability aspects of NATO's new Conventional Defense Improvement Program mandated by ministerial decision in May 1985.

Although our GNP represents about half of the NATO total, our official cost share of the program now stands at 27.82 percent (down from 43 percent in early years). This relatively small share has been agreed to by the Allies as a burden sharing factor in view of our relatively large costs in other aspects of Alliance defense. The effective U.S. share of the costs has been further reduced by the following factors:

1. Host nations supply land, access roads, and local utilities for NATO projects at no cost to NATO. The cost of these national contributions is estimated at some 15 percent of the total cost for a large, new facility. Since the U.S. acts as host country for relatively few NATO projects in CONUS, in Bermuda, and in Iceland, almost all of which are on existing U.S. military installations, we bear very little of this burden.

2. NATO agreed to pay some $100M of the U.S. costs of relocating from France in 1967, thus, in effect, buying a portion of our claim against France for loss of use of U.S.-owned facilities. In 1975, France agreed to settle the claim for $100M which was paid in five equal installments during the period 1975-1979. When the payments were completed, the 36 percent share reimbursed to NATO was used to augment the scarce Infrastructure funds.

3. In 1970, a group of our Allies augmented the Infrastructure Program by 50 percent (some $500M) without U.S. contribution, in order to expedite construction of aircraft shelters and communications projects.

4. In 1975, our Allies agreed to include a special U.S. program ($140M) in the 1975-1979 Infrastructure Program. This provided U.S. troops with facilities which would not otherwise have been eligible for NATO funding.

5. In 1979, our Allies agreed to a reinforcement support category (RSC) in the Infrastructure Program, principally for the provision of previously ineligible facilities for storage of U.S. POMCUS, ammunition, and war reserve materiel. While there is no specific amount of money tied to the category, we expect it to constitute some 25 percent of the entire program for the next several years.

We have also had reasonable success in maximizing U.S. industrial participation in the program. While there is little or no U.S. industrial interest in the 65 percent of the program devoted to civil works, U.S. firms continue to capture about half of the remaining 35 percent devoted to sophisticated electronics projects. We are very sensitive to the requirements to support U.S. industrial interests, and the Infrastructure staff at the U.S. Mission to NATO actively supports OSD efforts as the ombudsman for such interests.

We continue to enjoy greater benefits from this NATO program than could be expected from the size of our contribution. If we exclude facilities which are used in common by all nations -- facilities which would in any case have required common funding -- we have had significant success in programming U.S. projects. A study of results for 1972-78 indicates that U.S. projects amounted to 41.3o percent of all projects programmed for use by national forces, but our formal contribution remains at less than 28 percent of the entire program. With the RSC and the current emphasis on collocated operating base (COB) projects which provide for additional U.S. requirements, it would

appear that projects for the U.S. will increase to about 50 percent of the total of such projects in 1985-90. It is apparent, therefore, that we have a distinct financial interest in the continuing success of the NATO Infrastructure Program. As long as we can fit our national program into the available common funds, the U.S. will benefit directly from this NATO effort.

Through 1984 the Infrastructure Program was severely underfunded due to a combination of galloping inflation and downturns in national economies. During that period, despite our best efforts to secure increases in the funds allocated to NATO's Construction Program, we and our Allies had to forego large quantities of facilities required to support our force deployments or to finance them nationally (prefinance) in the hope of later recoupment. This was a situation which led to a great deal of concern by all responsible authorities, including Congressional Committees.

In December 1984 the NATO Defense Ministers agreed to almost triple the size of the program as compared to that of 1980-84. In effect, they committed over $10B for the 1985-90 period, approaching the potential implementation rate of the NATO machinery. In support of this larger program, NATO has developed a long-term planning procedure which enables us to forecast, six years in the future, our chances of success in programming projects of interest to the U.S. The larger program, combined with the new planning procedure, allows us to assert that all of the Minimum Essential Facilities (MEF), most of the Essential Operating Facilities (EOF), and some 60 percent of the aircraft shelter deficiencies can be programmed in the 1985-90 period. In addition, we expect that virtually all outstanding recoupments for prefinanced projects will be programmed, thus, removing one of the longest-standing Congressional complaints about the Infrastructure Program.

While the above situation represents real progress in convincing our Allies of the need for adequate Infrastructure funding, NATO's needs are far from full realization. In effect, NATO Military Authorities have identified some $20B of urgent requirements. The agreed program will accomplish only about half of those projects -- although the nations have agreed to consider an increase if the first four years' implementation so warrants. In any case, it is evident that a considerable part of NATO's requirements will have to await funding in the next program (1991-96) and that portion will certainly contain a share of projects required by U.S. forces. However, the probable availability of funds and the implementation potential indicate that most needs identified by 1984 can be met within the 1985-96 period.

The long-term Infrastructure planning document which lists the projects NATO plans to implement over a six year period will be revised each year to eliminate the current year's program and to add a new sixth year. The use of that document should enable the U.S. to coordinate more closely with NATO programming. It should also enable Congress, now that we have acquired confidence in the new procedures, to better evaluate the U.S. requirements against NATO's ability to provide facilities and to justify early provision of U.S. requirements through judicious prefinancing in certain cases where NATO cannot accommodate the timing required.

On the subject of prefinancing, our recoupment backlog was about $240M at the end of FY 1984 -- $100M for aircraft shelters, $100M for COB projects, and some $40M for other miscellaneous projects. We have previously reported that we expected to program recoupment of the entire amount within the 1986-91 period in approximately equal annual increments. We have, however, achieved much greater success than forecast -- the $100M for FY 1987 exceeds our estimate by $60M, and the $40M recoupment forecast for FY 1988 will virtually complete our recovery for projects prefinanced prior to 1986.

I should now like to describe briefly, first, NATO's procedure for taking financial commitments; second, the NATO system for processing Infrastructure projects; and third, how we arrived at our estimate for U.S. obligations for Infrastructure in Fiscal Year 1987.

In order to provide military authorities with viable program planning goals, the NATO nations agree on periodic (five or six years) funding ceilings. In the last three periods, 1970-74, 1975-79, and 1980-84, these ceilings have proved to be too low and were later adjusted upwards. The $10.2B ceiling for the 1985-90 period appears to approximate NATO"s implementation capacity. The total U.S. funding commitment of these agreements is about $4.4B which has been included in annual NATO slice programs. Some $3.9B had been obligated by the end of Fiscal Year 1986 (the approximation is necessary because of uncertainties as to the exchange rate of the dollar). We entered FY 1987, therefore, with an outstanding balance of some $500M, all of which concerned projects already included in approved NATO programs through Slice 36 (1985). These, and potential commitments from Slices 37 and 38, were the commitments for which we sought appropriations in FY 1987. Appropriations for FY 1988 are almost exclusively intended to cover commitments from Slices 36-39, CY 1985-88.

Each year, the major NATO commanders draw up a list of construction or modernization projects which they consider essential for the support of their forces. These projects are reviewed by all participating nations in the NATO Military Committee, the NATO Infrastructure Committee, and finally, within the Defense Planning Committee (which is the North Atlantic Council without France). The projects finally selected make up the yearly Infrastructure Program or slice. In the U.S., each proposed annual slice is reviewed thoroughly within the Executive Branch, starting with the interested U.S. subordinate military commands and continuing through the U.S. Commander-In-Chief, Europe, and the Commander-In-Chief, Atlantic, to the Joint Chiefs of Staff and the Military Departments, the Department of State, and all interested offices within the Office of the Secretary of Defense. When the Payments and Progress Committee authorizes construction of an Infrastructure project, within an approved slice, the U.S. obligates funds from its annual appropriation for its share of the project.

Let me explain briefly how we estimate our costs for FY 1987. The estimate is developed largely by the U.S. NATO staff in Brussels because it has daily contact with our Allies on Infrastructure matters. This staff is the U.S. agency closest to the plans and progress of the various "host" countries.

In previous years we have described a rather complicated process which was used to estimate the potential level of obligation required to meet U.S. commitments to the Infrastructure Program. The system attempted to forecast a number of unrelated actions which would be taken by a multitude of NATO personnel and staffs from host nations. The procedure was studied by an independent consultant, as requested by the HAC MILCON Subcommittee, and again, more recently, by the HAC Surveys and Investigation Team. I think it fair to say that while all parties were dissatisfied with that procedure, no one was able to devise a better one for forecasting obligation levels. Once obligations have occurred, however, expenditures can be estimated much more accurately -- which is the reason our Allies all do their Infrastructure budgeting on an expenditure basis.

In connection with the agreement on a much larger program, NATO has pursued a statistical approach to forecasting maximum annual expenditures, and the nations have guaranteed a budgetary control which is designed to remain within those limits. Estimations had to be based on fund obligations which, in turn, were based on annual programs, the size of which were agreed for the six year period. The rate of authorization, on which the U.S. appropriations are based, is the most difficult of these factors to forecast with much confidence. NATO decided, therefore, to choose as a goal the highest rate of authorization that has ever been attained under the best circumstances. Using these tools it becomes relatively simple to calculate the unexpended authorizations at the end of each year. Statistics indicate that between 35 and 40 percent of that amount will be spent in the following year. Thus, our Allies are using those expenditure levels as a maximum, and we are using the consequent authorization levels, which are proving to be very realistic.

Senator SASSER. Thank you very much, Mr. Loveland.

Captain Dallam, on a recent trip to NATO, the subcommittee staff discovered that plans were being made to utilize NATO infrastructure funds for the procurement of aircraft. You sent a letter in which you indicated, quoting the letter, that "The allies have agreed to consider the purchase of three aircraft for the multiservice electronic support group."

The letter goes on to say that the purchase of aircraft would be a first for the infrastructure program and funding for other than fixed facilities is fully supported under specific categories.

What are we doing, diverting infrastructure funds for aircraft procurement?

Captain DALLAM. Inasmuch as it is an aircraft, it is a first, but it is not a first with respect to mobile facilities. I think Mr. Loveland can provide more detail on that.

Mr. LOVELAND. Yes, Mr. Chairman.

We are talking about 5 percent of the cost of a project. The project is electronic warning devices to help train the NATO fleets.

Now, 95 percent of the cost of this thing is in the equipment. The only way we knew how to make that equipment fly was to put wings on it, and, consequently, it includes the purchase of three used 707 aircraft and, as Captain Dallam suggested, this is not really different from other projects in infrastructure. We did, for instance, buy communications satellites, which do not have wings, but they fly. We also buy mobile wartime headquarters units, which are, in effect, huge vans full of communications and other equipment.

So we do not believe that it is much of a deviation from what we have been doing for 30 years. But it is, indeed, the first time that they have been aircraft.

Senator SASSER. Mr. Loveland, I will direct this to you and to Captain Dallam.

Would you provide for the record each instance where NATO infrastructure funds have been utilized for purposes other than facility construction, the cost of each instance, its purpose, and the share, the U.S. share of each one of those instances where it has been used for other than infrastructure construction?

Mr. LOVELAND. Might I ask for clarification? By construction, are you talking about bricks and mortar?

Senator SASSER. That is my understanding, yes.

Mr. LOVELAND. Then we will have to detail 35 percent of this program.

Senator SASSER. Well, then, let us reconsider that. We will give you a written request of what we want specifically, Mr. Loveland.

One final question.

Mr. Maresca, I gave you an opportunity to escape, and you chose to stay. So let me ask you this.

GREATER DEFENSE CONTRIBUTIONS FROM NATO PARTNERS

On the question of greater contributions from our NATO allies to the common defense, is it your position that larger contributions on the part of NATO allies would not be politically sustainable in the NATO countries?

Mr. MARESCA. Well, Mr. Chairman, these countries vary considerably. I would say, in general terms, that we believe they should be sustainable, and in certain governments they are sustainable.

But there are gaps, and some of the countries do better than others. In some countries, it certainly looks as though they are not sustainable politically. Yes, sir.

Senator SASSER. How about Germany?

Mr. MARESCA. The Germans have done pretty well. They are not one of our primary problems. But they do have some problems. They have a demographic problem, for example, which is going to impact on their ability to raise troops over some time, and they have other problems which they face. But they have been pretty good, we think, over time.

Senator SASSER. I am talking about in terms of sustaining increased defense expenditures, a larger percentage of GNP being devoted to defense outlays.

Is it your view that there is some doubt as to whether that would be politically sustainable in the Federal German Republic?

Mr. MARESCA. Well, Mr. Chairman, as you know, over the years we have had as a measure of what our allies, all of us, should be doing, increasing in our defense expenditures, the 3-percent rule. This is to say that every year, there should be a 3-percent real growth increase.

Senator SASSER. But that has been honored more by ignoring it than by adhering to it.

Mr. MARESCA. That is true.

But, nevertheless, we believe that it is a useful benchmark to keep out there in order for countries to have something to measure up to. Every year about this time we try to get that back into the guidance for countries as something that they should aim for. We continue to try to hold them to that measure.

I agree with you that it has not been very well respected over the years. But, nevertheless, it is useful as a measure. I don't know what we would do if we did not have it.

That is what we believe should be the growth rate of countries' defense expenditures.

Senator SASSER. You indicated a moment ago that there were negotiations between ourselves and the Soviets relative to a reduction in conventional forces, and you were hopeful there would be some progress and that signals that we were reducing our commitment to NATO might have an adverse effect on those negotiations.

Now, those negotiations have been going on for 12 or 13 years, if memory serves me correctly. Isn't that an accurate statement?

Mr. MARESCA. The MBFR negotiations have been going on for about that time, in fact, maybe even a little longer. But that is a different for-

mat, a different number of participants, a different geographical area that is covered from what we are aiming to do now.

For various reasons, I think the signs are that we may be able to make more progress in this kind of new negotiation than we were able to do with the MBFR negotiations.

Senator SASSER. Are you getting signals? Are you indicating that there are signals, that there may be some significant progress on the horizon with regard to reduction of Soviet conventional forces in Eastern Europe?

Mr. MARESCA. I would not want to be overly optimistic here. One has to be very careful in one's evaluations of the possibilities for progress.

But the Soviets have been interested in this negotiation. The Warsaw Pact countries actually made a proposal for this type of negotiation and we think it is worthwhile testing the waters.

Senator SASSER. Are you speaking in terms of a demobilization of some of the Soviet forces presently located in Eastern Europe or simply moving them out of Eastern Europe?

Mr. MARESCA. That would have to be negotiated.

At the present time, these talks are just opening. There is not even a mandate, an agreed mandate for what would be negotiated yet. And so, I think it is too early to tell.

But, certainly, as was our position in MBFR, I might say, we would not want to be in a position where United States troops were withdrawn across the Atlantic and Soviet troops were withdrawn a few hundred miles, and yet were able to be brought back into the area.

That is the kind of thing that we would have to work out in negotiation.

Senator SASSER. Thank you.

SUBMITTED QUESTIONS

Gentlemen, I want to thank you for appearing here this morning and giving us the benefit of your views. I have some questions from Senator Stevens which will be included in the record. We would request an expeditious response to those.

I have additional questions of my own, which will be included in the record, and we would also request an expeditious response to those.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR SASSER

RDF FACILITIES

Question. Since 1980 the committee has approved $1 billion for construction of base access facilities in the Middle East-Persian Gulf region. What additional construction requirements are programmed in the next five years for the Central Command?

Answer. The remaining requirement for prepositioning facilities over the next five years totals about $50 million. This will provide for the Army requirements that have not been funded in past year programs.

Question: It is the view of the committee that since there is a reluctance on the part of our NATO allies and Japan to increase their own defense budgets, that our allies should assist the United Sates in financing future construction projects in the Middle East-Persian Gulf region. These facilities, after all, are for the protection of our allies' oil supplies. Would the Department of Defense approve or oppose such a requirement?

Answer: We do not believe this proposal would serve U.S. interests. The Japanese government is severely constrained by domestic public opinion and by the sensitivities of its neighbors in matters such as these. The political problems such a proposal would generate would be counter-productive, and, indeed, could undermine all that we have accomplished in the last several years. Rather than make unrealistic demands that are likely to jeopardize Japan's fragile consensus on defense issues, we believe it is better for us to work with the GOJ on fulfilling the self defense goals we agreed on in 1981, and which are embodied in the Mid Term Defense Plan, and, to encourage them to contribute to labor cost sharing and facilities construction for U.S. forces in Japan. Currently Japan is voluntarily funding these programs at extraordinarily high levels -- $225 million and $497 million, respectively, in 1987 and more than $1 billion for facilities over the last three years.

Clerk's Note: Following is correspondence between Chairman Sasser and the Department of State on this issue.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC., February 3, 1987.

Hon. GEORGE SHULTZ,
Secretary of State,
Washington, DC.

DEAR SECRETARY SHULTZ: Recently, during your appearance before the Senate Budget Committee, we discussed the need to secure improved defense burden-sharing from our NATO allies and Japan. While you and I agree that we do not want to see a remilitarization of Japan, I believe that Japan's current contribution to the common defense is unacceptably low to an American public which is being asked to pay six times that of the average Japanese citizen.

During the hearing, I suggested that the Department of State should consider calling on the Government of Japan to assist in paying for future construction of contingency facilities in the Middle East-Persian Gulf region. As I indicated at the hearing, my subcommittee has approved over $1 billion in the last eight years for contingency facility construction to protect the West's oil supplies, particularly the supplies of Japan and Europe which are so vital to their growing and robust economies.

In view of the need to provide for additional contingency facility construction in that region of the world, I believe the United States should call on our allies, particularly Japan, which receives ninety percent of its oil from the Persian Gulf, to assist in financing future construction initiatives.

It is my view that the Administration has failed to adequately persuade our allies that the American people cannot continue to substantially pay for the defense of our allies, while they divert their economic resources from defense sharing to the development of economic markets which compete with American goods and reduce our own citizens' standard of living. What is needed is a bold gesture from our allies which indicates they understand our frustrations and want to help improve bilateral relations.

Japan's recent decision to breach the one-percent-of-GNP standard was no such gesture. Instead, it was the result of natural economic forces and actually reflects a reduction in the number of F-15s and tanks which were envisioned under the five-year defense plan established two years ago. Therefore, I believe more must be done by our Japanese allies to indicate they understand and support the responsibilities of a major free world economic power.

I hope you will consider my suggestion and take the proposal to your counterparts in the Government of Japan as an appropriate first step toward bettering Japanese relations with the American people.

Thank you for your interest and assistance in this matter. I would appreciate knowing your views of this particular suggestion and your plans for urging more equitable burden-sharing from our ally, Japan.

Sincerely,

JIM SASSER,
Chairman, Subcommittee
on Military Construction.●

United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

Thank you for your letter of February 3, 1987, with regard to burden sharing with our NATO allies and Japan. The Secretary has asked me to respond to your suggestion that, given the need for greater burden sharing with our allies, we consider requesting Japanese Government assistance in the construction of contingency facilities in the Middle East/Persian Gulf region.

Our security relationship with Japan is good, and getting better. The Japanese have been increasingly responsive to the need for greater burden sharing, and have taken a forthcoming and cooperative approach on the issue. The Japanese host nation support effort is a good example. Within the past month the Japanese have agreed to increase substantially their contribution to labor cost sharing at US bases, virtually doubling their annual contribution. The Japanese will contribute up to an additional $100 million in FY 1987 with further increases likely in following years. Japan's FY 1987 facilities improvement budget will be nearly $.5 billion, bringing Japanese burden sharing in this category alone to over $1 billion over the last three years. We know, and the Japanese realize, that there is still more to be done in the area of facility improvements for US forces in Japan. The GOJ is making a strong effort in this area, and we are beginning to see some results in housing for US service personnel and also in facilities related to the U.S.S. Midway battlegroup. The Midway is the only US aircraft carrier permanently homeported in a foreign country.

Overall, the total annual Japanese contribution to the cost of maintaining US forces in Japan may reach the $1.5 billion mark in FY 1987.

Japan's annual defense spending ranks fourth among our allies. And, as you noted in your letter, Japan has moved away from a quantitative limit to defense spending (the 1% barrier) and has chosen to determine annual defense spending levels based on qualitative goals. While this may or may not affect specific force structure items (you mention F-15s, which Japan co-produces under license, and tanks, which Japan produces indigenously), it will have a provident effect on Japan's ability to meet its defense goals on schedule and improve its capability to defend itself. These defense goals include defense of the sea lines of communication (SLOCS) which, when accomplished, will ease considerably the burden on US forces in the region.

We are pleased with the pace of the Japanese burden sharing

effort. We do not believe it would be in our own best burden sharing interests to request GOJ assistance in a military related effort not only outside of Japan, but outside of the region entirely. Japan is in a position to make contributions to allied security outside the region in other, less direct ways, including foreign assistance. We discuss coordination of our aid efforts and other matters of mutual concern in the Middle East on a regular basis with the Japanese.

We share your concern that the heavy burden of defending the free world be shared equitably with our allies. The growing Japanese burden sharing effort over the past several years is evidence that the Japanese also share that view and are keenly aware of its importance in the maintenance of our strong and cooperative security relationship.

With best wishes,

Sincerely,

Edward Fox

J. Edward Fox
Assistant Secretary
Legislative and Intergovernmental Affairs

U.S. FORCES JAPAN

Question: What is the total annual cost of maintaining U.S. forces in Japan? Include all costs such as personnel, travel, operations and maintenance. Of this total, how much does the Government of Japan contribute to offset the U.S. burden?

Answer:

TOTAL COST OF U.S. FORCES IN JAPAN, FY 1986
($ US Millions)

MILITARY PERSONNEL	1500.3
O & M	860.5
CONSTRUCTION	51.1 (a)
CIVILIAN PERSONNEL	621.0
POL BULK ISSUES	244.6
SUB TOTAL	3277.5
GOVT OF JAPAN CONTRIBUTION	1781.0 (b)
TOTAL	5058.5

(Source: Commander, U.S. Forces Japan and U.S. Embassy Tokyo)

(a) As appropriated.
(b) 155 Yen = $US 1. Includes facilities, land use, labor, and miscellaneous items such as duty exemptions.

JAPANESE FACILITIES IMPROVEMENT PLAN (JFIP)

Question. What is programmed by the Japanese Government in the next five years under the Japanese Facilities Improvement Plan (JFIP)?

Answer. The level of funding provided by the Japanese Government to improve the working and living conditions of the U.S. forces in Japan has risen from $100 million in 1979 to $320 million in 1986. It is anticipated that the funding will continue to be provided over the next five years to continue the effort to bring our bases up to a condition that is on a par with our bases in the United States.

Question. What was provided by the Japanese Government in the last five years for JFIP?

Answer. Over the past five years the Japanese have funded facilities at a cost of $1,302,682,000. That $1.3 billion is at an exchange rate of 220 yen per dollar. A constant yen/dollar rate is used to track progress of the Facilities Improvement Program on a constant basis. At the prevailing yen/dollar rate the program would be much higher, for instance, the 1986 program of $320,832,000 at 220 yen per dollar would be $470,554,000 at the current rate of about 150 yen per dollar. That is almost a half billion dollars that does not have to be programmed for U.S. MILCON funding.

Question. What are the criteria utilized for determining eligibility under the JFIP Program?

Answer. The Japanese Government reviews our submittal each year and determines which of the projects they can and cannot accept for funding. At the present time, projects which are not accepted are those construed as supporting offensive operations such as munitions storage related facilities and new fuel storage; command, control, and communications facilities tied into our command network; NBC defense related projects; and projects which support contingencies outside Japan. Additionally, we are responsible for the operation and maintenance of our facilities by terms of the Status of Forces Agreement (SOFA) and, therefore, the Japanese will not undertake any repair or maintenance projects. There are cases where, because of current Japanese law, the modernization, alteration, or addition to a building requires that the entire building be brought up to current building code standards. This could cause a low cost alteration or addition project to become a major project. In those cases, a small MILCON project, that is not subject to the building code, will save a major expenditure in the FIP and saves that FIP funding to offset other larger MILCON requirements.

Question. Has the Department of Defense ever requested an expansion of the JFIP criteria, why? What was the result?

Answer. Yes. This is a continuing process that takes place both directly through discussions and indirectly by requesting projects that have not been accepted in the past. The primary thrust of our requests has been toward quality of life projects, such as housing and community support, but at the same time we have been able to increase the funding for operational type projects from $4 million in 1981 to $126 million in 1986. There will continue to be projects such as munitions storage and new fuel storage that cannot be accepted and other types of work such as maintenance and repair that will remain our responsibility for the foreseeable future.

Question. List each project included in the FY 1988-1989 budget requests for construction in Japan.

Answer. The information follows:

FY 1988	($000)
Army	
Japan Various	
Ammunition Storage Complexes	20,000
Ammunition Surveillance Facility	1,500
Relocate Field Offices	1,750
Navy	
Futenma MCAS	
Crash Fire Station Addition	1,000
Flight Line Security Improvements	3,790
Iwakuni MCAS	
Flight Line Security Improvements	1,080
Camp Butler MCB	
Bachelor Enlisted Quarters Improvement	11,300

Air Force	
Kadena AB	
Alter Unaccompanied Personnel Housing	2,850
F-16 Add/Alter Avionics Shop	5,000
Fire Protection Various Facilities	1,850
Jet Fuel Storage Phase V	5,500
Yokota AB	
Add-Alter Corrosion Control Facility	3,150
Alter Command Center	2,600
Defense Medical Support Activity	
Camp Lester	
Hospital Life Safety Upgrade	1,400
Misawa AB	
Composite Medical Facility	4,700
FY 1988 TOTAL	67,470

FY 1989

Army	
Japan Various	
Communications Facility Okinawa	5,100
Dredging and Pier Improvements	24,000
Relocate Field Offices	1,450
Navy	
Futenma MCAS	
Aircraft Operations Building Addition	700
Maintenance Hangar Addition	1,970
Tactical Support Van Pads	2,250
Iwakuni MCAS	
Arming and Dearming Pad	1,830
Ammunition Magazine	9,590
Camp Butler MCB	
Combat Training Facilities	890
Electronics and Communications Maint. Shop	1,240
Gymnasium Addition	1,270
Air Force	
Kadena AB	
Jet Fuel Storage (JP-4)	4,100
Telecommunications Facility	2,200
Misawa AB	
C/B Protection	1,550
Fire Protection Various Facilities Ph I	1,450
Fuel Tank Storage/Buildup Facility	2,450
Yokota AB	
Control Tower Cab	500
Jet Fuel Storage	4,200
FY 1989 TOTAL	66,740

Question. Provide the date each project was submitted to the Government of Japan for funding under the FIP.

Answer. The projects in the FY 1988 and FY 1989 MILCON programs are those types of projects that have not been previously accepted for the FIP. They are munitions storage or fuel storage related, are for maintenance or repair, are alterations to existing

buildings that are far cheaper under MILCON or are for communications. Discussions with the host nation construction managers have indicated that the timing is not right for submission of this work to have it included in the program of over $350 million for other work that we have requested for 1987.

Question. For those projects turned down, why were they turned down?

Answer. These projects, as indicated above, are not able to be included in the program at this time. Discussions will continue to be carried out to attempt to obtain more projects in the FIP in the future.

Question. For those projects not submitted, why weren't they submitted?

Answer. In Japan, formal rejection of a project by the Government of Japan (GOJ) is extremely difficult because they are reluctant to deny a U.S. requirement under the FIP. The preferred approach taken by the GOJ is to defer projects which are currently "too hard" for political, legal, or technical reasons until the situation improves. Theoretically, a project could be deferred forever. Obviously, once a project is formally refused, it will be much more difficult to accept it when the political/legal/technical environment changes. In such cases future acceptance would be much simpler if the project had been deferred rather than denied. Therefore the best approach, and the one which is currently being practiced, is to coordinate U.S. requirements informally to determine acceptability of proposed U.S. requirements.

European Personnel Cap

Question: If the Congress lifts the personnel ceiling, what specific personnel increases, both civilian and military, would be programmed in each of the next five years?

Answer: The FY 1988/1989 DoD President's Budget provides for a modest increase in military manpower above the ceiling - +1,738 for FY 1988 and +712 for FY 1989. If the ceiling were removed we would not anticipate major growth beyond that already reflected in the FY 1988/1989 President's Budget. The Air Force accounts for the majority of the programmed growth in Europe - 2,110 out of total 2,450 increase required through FY 1989. Although there are many puts and takes involved, GLCM is the major driver (+1,061). The Air Force also plans increases to enhance conventional capability in several areas. The remaining +250 increase is accounted for through various Army and Navy adds to enhance readiness.

On the civilian side, 112,841 spaces are programmed for FY 1988 and 113,780 spaces are programmed for FY 1989. Major drivers include increased support for prepositioned materials and other logistical support requirements, military to civilian substitution, and increased Dependent Schools requirements for stateside-equivalent education for DoD dependents.

At this time the Department of Defense does not anticipate further significant growth beyond FY 1989.

Question: How many civilians and military personnel are currently stationed in Europe?

Answer: On September 30, 1986, there were 325,568 active military forces ashore as well as 109,342 civilians. The Department of Defense has planned active military strength of 326,239 and civilian strength of 109,275 for FY 1987.

NATO PROJECTS

Question. What is programmed by the U.S. and NATO in the next five years under the NATO Infrastructure Program?

Answer. At this juncture, there are three slices (annual programs) remaining in the current six year (1995-1990) Infrastructure funding period. At current rates of exchange, each annual program will total some $1.8 billion. In early 1988, the nations will be required to make some initial decisions regarding the size and length of the next Infrastructure funding period (1991 and beyond). In line with current procedures, however, it is anticipated that a two year (1991, 1992) commitment will be agreed at roughly the same funding level as the current period. This will allow the orderly continuation of ongoing programs and facilitate incremental funding for multiyear projects. For the U.S., continued NATO support is expected for completion of the aircraft shelter program, additional storage construction, expansion of POL distribution and storage, construction of facilities to correct malpositioning of stocks, and restoration and modernization of existing facilities. Theater-wide, NATO emphasis will be on command and control systems, projects to enhance to survivability, and the reception and onward movement of reinforcement forces.

Question. List each U.S. project programmed for NATO funding in the current year.

Answer. NATO Infrastructure Slice 38 (1987) totals $1,498 million and includes projects from the 13 approved categories covering construction, equipment procurement, and services (e.g., management, leasing, feasibility studies, software development). There are 72 projects totalling $353.5 million in Slice 38 that support U.S. NATO assigned forces. Projects are in the categories of airfields, naval bases, ammunition storage, forward area storage sites, surface-to-air missiles, surface-to-surface missiles, and reinforcement support. An additional 37 projects totalling $137.7 million are for facilities jointly used by U.S. and other NATO forces. Projects in the categories of warning installations, communications, navigation aids, training, war headquarters, and POL storage and distribution total $628.7 million. These projects serve NATO-wide requirements and benefit all NATO forces.

Question. What are the criteria utilized for determining eligibility under the NATO program?

Answer. In general, projects must support NATO operational plans and the wartime requirements of NATO assigned forces. Projects and programs must also support common alliance interests and be available for use by all NATO forces in wartime. Projects must be included in a NATO approved Infrastructure category and be supported for programming by the NATO military commanders. Individual projects must conform to NATO technical criteria and standards that establish guidelines for facilities construction

and, in some cases, equipment procurement. Only minimum wartime-required construction is supported and conjunctive national funding is necessary for administrative and personnel support requirements. Under certain circumstances, unique Infrastructure projects are supported for NATO funding on a one-time basis when warranted by priority operational requirements.

Question. List each project included in the FY 1988-1989 budget requests for construction in Europe.

Answer. For FY 1988, there are 204 construction projects totalling $827 million requested for Europe. For FY 1989, there are 193 projects totalling $777 million. The totals include the Services and Defense Agency programs but not the annual U.S. costs for the NATO Infrastructure Program. A line item listing of the projects has been provided to the committee as part of the Department's formal 1988/1989 military construction budget request for FY 1988/1989.

Question. Provide the date each project was submitted to NATO for funding under the Infrastructure Program.

Answer. None of the projects requested in the FY 1988/1989 budget request are currently eligible for NATO Infrastructure funding. Over the years of the Infrastructure Program, the nations have reached agreement on eligibility for various categories of facilities construction. Similarly, the U.S. has elected not to submit certain types of projects for NATO funding because it would not be economically beneficial over the long term. Because of these decisions, the majority of projects in the current request have not been formally submitted to NATO for Infrastructure funding. Some projects included in the budget have been previously submitted for NATO funding and rejected. The budget also includes a few projects for which Infrastructure eligibility and funding is being sought, however, a NATO decision has not yet been made. Precautionary prefinancing statements have been submitted which allows recoupment of funds if and when the project becomes eligible.

Question. For those projects denied Infrastructure funding, why were they turned down?

Answer. In recent years, a few projects have been denied for Infrastructure funding. These include unit basic load storage for U.S. Army forces, purchase of an existing factory at Rheinburg, Germany, and chemical warfare protective cells. For unit basic load storage, NATO maintained that this should remain a national responsibility due to cost and priority. NATO funding of this category would not have been economically beneficial to the U.S. as we would have had to cost share the entire NATO requirement although we field only some 11 percent of the total NATO land combat force. The facility at Rheinburg was primarily for the peacetime administrative support of U.S. forces and their families in the area. Except for some logistics functions, it did not support a wartime operational requirement. Chemical warfare protective cells are constructed adjacent to hardened NATO-funded facilities such as avionic facilities and squadron operations centers. The cells provide personnel protection in a chemical warfare environment. The nations denied funding maintaining that

personnel protection should remain a national responsibility due to the wide variation in national standards.

Question. For those projects not submitted, why weren't they submitted?

Answer. Most projects included in the FY 1988/1989 MILCON budget were not submitted to NATO because of prior agreements on the types of facilities that will be funded by the Infrastructure Program. The Department continues to work for expansions of eligibility and criteria when it proves to be beneficial.

Clerk's Note: Following is a letter on the NATO Infrastructure program received by the subcommittee.

THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-8000

ACQUISITION AND LOGISTICS

17 MAR 1987

Honorable Jim Sasser
Chairman, Subcommittee on
Military Construction
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

House Report No. 99-1005, dated October 15, 1986, requested the Department to report on efforts to expand eligibility criteria of the NATO Infrastructure Program and the status of recoupments. I am pleased to report significant progress has been made on both of these issues.

Expansion of NATO Infrastructure Eligibility and Criteria

For the past several years, the Committees have pressed the Department to get more U.S. construction requirements in Europe funded by NATO. It remains our policy to seek NATO funding for our facilities requirements when it is beneficial to the United States. In recent years, we have had success in getting NATO funding for some new operational requirements. The Army's Weapons Access Delay System (WADS) has been authorized for Infrastructure funding and NATO is now considering facilities support for Army combat helicopters. Although logistics support facilities are normally user nation responsibilities, over the past two years we vigorously pursued infrastructure funding for the storage required in support of the U.S.-German Wartime Host Nation Support (WHNS) agreement. As a result, NATO is now funding a significant part of the required construction. Discussions are also ongoing for other programs such as the storage of prepositioned medical equipment and materiel and the Air Force's Weapons Storage and Security System.

It remains our policy to seek NATO funding for our European construction requirements when it is beneficial to the United States. Many factors are considered prior to pursuing Infrastructure funding:

Economic: It is not economically advantageous to press for NATO funding for programs and projects if the bulk of the funding will be for the requirements of the other nations. The construction of barracks and dining halls is one example where our NATO contribution for the requirements of the other nations would exceed the amount spent nationally.

Standards and Criteria: NATO construction standards call for the minimum required for wartime operations and do not include many of the facility features that provide fire, safety, health protection, and personnel support features required by U.S. standards. In those instances where agreed NATO standards fall short of U.S. requirements, the projects have to be augmented with U.S. funds.

Because of the wide variations in national standards regarding safety, health, survivability, and working conditions, it is economically more prudent to continue to use MILCON funds for certain types of projects such as chemical warfare protection facilities, medical and dental clinics, housing, personnel support, and training.

Backlog of Eligible Requirements: There has been a large backlog of eligible projects which included requirements in support of U.S. forces such as aircraft shelters, ammunition and theater reserve storage, essential airfield facilities for our reinforcing squadrons, and additional fuel storage and distribution. The NATO nations' agreement to the substantial increase in Infrastructure funding for the current six year period (1985-1990) that allows construction of previously deferred U.S. requirements was encouraged by the U.S. A significant expansion of the program at this time would create new backlogs causing some currently eligible U.S. requirements to be once again deferred.

Recoupment

During the past year, significant progress was made in recouping and programming funds that were used to prefinance NATO eligible projects in prior years. In FY 1986, we recouped $38 million. This is $8 million over the goal Congress had established. As of March 5, 1987, $58 million has been collected in this fiscal year. Efforts are being made to collect the remaining $46 million of authorized projects by September 30. The following summarizes the status of prefinancing and recoupment as of March 5, 1987.

	($000)
Total of all Eligible Projects Prefinanced:	$629,224
Total Funds Recouped:	471,553
Balance Remaining to be Recouped:	157,671
Projects Authorized and in Collection:	46,305
Balance-Eligible Projects Requiring Programming:	111,366

The total of all eligible projects prefinanced was increased by $32 million over the previous year when two U.S.-funded programs were made eligible for Infrastructure funding. This included the Army's WADS which will allow $21 million to be recouped. An additional $11 million of airfield work is now recoupable due to a change in force assignment to NATO.

Of the balance of $111 million that requires programming, some $78 million is already included in Infrastructure planning for the next three years. The remainder will be submitted for recoupment in the subsequent two years. All of the 161 prefinanced aircraft shelters have been recouped, programmed for recoupment, or will be programmed by 1990. There are no prefinanced projects in the FY 1988 or FY 1989 MILCON budgets. To the degree NATO eligibility is expanded in the future, selected projects which were executed by the U.S. on a precautionary prefinancing basis will be added to the list of recoupable projects.

The NATO Infrastructure Program exists primarily to provide wartime required operational facilities that can be used by all NATO-assigned forces. The inclusion of essentially peacetime required personnel support facilities would deter from the program's main purpose of improving Alliance readiness and conventional and nuclear capabilities. We intend to continue our policy of exploring NATO funding for the programs that are in the best interest of the United States.

Sincerely,

Doug Feith

acting for Robert A. Stone
Deputy Assistant Secretary of Defense
(Installations)

FOREIGN CURRENCY FLUCTUATION

Question. By Service, what is the status of the foreign currency account?

Answer. The Foreign Currency Fluctuations, Construction, Defense Account has been established and will fund for currency losses beginning in FY 1987 including prior year unliquidated obligations on the books as of October 1986. No funds have yet been transferred into the account. However, we expect to be fully operational by the end of April with the retroactive beginning date.

Question. By Service, provide the budget shortfall of the FY 1987 program (MILCON and family housing) due to foreign currency fluctuation.

Answer. For the Army, the FY 1987 shortfall is $166.5 million for military construction and $159 million for family housing. The Air Force estimates that in FY 1987 it will require $38 million for military construction and $35 million for family housing. For the Navy, a total of $6.0 million for construction and $1.5 million for housing will be required to offset foreign currency losses in FY 1987.

Question. By Service, what is the estimated shortfall in the FY 1988 and FY 1989 programs (MILCON and family housing) due to foreign currency fluctuation? Breakout by country.

Answer. The following table shows the estimated shortfall in FY 1988. The estimated shortfall for FY 1989 would be similar - about $108 million total.

FY 1988
($ millions)

	Army	Navy	Air Force	Defense Agencies	Total
Belgium	--	--	1.4	--	1.4
Germany	59.6	--	13.4	5.1	78.1
Greece	--	--	1.0	.2	1.2
Iceland	--	2.1	--	--	2.1
Italy	--	4.4	.8	5.4	10.6
The Netherlands	--	--	9.1	1.0	10.1
Portugal	--	.1	.3	--	.4
United Kingdom	--	.1	2.9	1.2	4.2
				TOTAL	108.1

Question. Would the Department of Defense support a requirement that each host country pay the additional project costs which have been the result of foreign currency fluctuations? Why?

Answer. No, the Department would not support such an agreement. It is wholly unrealistic to imagine an agreement where the host country absorbs additional project costs resulting from dollar devaluation but would not benefit during periods when the dollar's value is increasing.

Question. Are military construction contracts abroad written in dollars or foreign currency? Why?

Answer. Construction contracts overseas are negotiated in the currency of the host nation in accordance with existing bilateral agreements concerning design and construction of facilities for U.S. forces. Basically, the contracts are written in host currency because all bills will be paid in that currency. While most agreements permit competition by outside contractors, most awards are made to national firms. Contracts are firm fixed price and therefore are unaffected by swings in the dollar's value.

Question. Would the Department of Defense support a requirement that all military construction contracts overseas be written in dollars? Why?

Answer. No, the Department would not support such a requirement. In most instances, it would require renegotiation of bilateral agreements that have been negotiated with host countries. Many of these agreements are long standing and very favorable to the U.S. and we would not wish to lose these advantages. More basic, however, is the fact that such a requirement would provide benefits to the U.S. only during periods when the dollar is declining in value against foreign currencies. It would work to our disadvantage during those periods when the dollar is improving. In Europe, all contracts are fixed price in the currency of the host nation. During 1984 and 1985 when the dollar peaked, European nations would have made significant gains if payments had been made in dollars.

MASTER RESTATIONING PLAN

Question. What was the Master Restationing Plan?

Answer. The U.S. Army's plan for relocating three brigades in Germany located west of the Rhine River to new sites on U.S. controlled land (Vilseck, Giessen, Wildflecken) close to the eastern border of the Federal Republic of Germany. The Master Restationing Plan (MRP) supported force modernization, increased deterrence and war fighting capabilities, and improved the living and working conditions for American soldiers and their families. In 1982, the estimated cost of construction was some $1.3 billion.

Question. Why did it fail?

Answer. Despite several years of discussions, many at the highest political levels, the German Government simply could not agree to help pay for the MRP. In 1984, we were also pressing the Government on a number of other issues - Host Nation Support, Patriot Missile, and support for a major increase in funding for the NATO Infrastructure Program. Because the MRP negotiations were not productive, the Department elected to concentrate on getting German support for a large Infrastructure Program. On balance, a significantly larger Infrastructure Program was more beneficial to the U.S. than partial funding for the MRP. Efforts in this area were extremely successful leading to German support for a six year program that was 50 percent larger than what had been originally supported. Germany also paved the way for convincing other allies to support a major increase for Infrastructure.

Question. List each formal meeting where U.S. negotiators presented MRP to the Federal Republic of Germany and detail the results of each meeting.

Answer. The first formal MRP meeting was held in March 1982 and was followed by five additional meetings of U.S./Federal Republic of Germany Committee of "MRP Experts," two senior level meetings, and extensive correspondence during the year. In general, the meetings dealt with a wide range of technical and financial issues, however, no specific funding plan was developed. One of the senior level meetings, held early in 1983, discussed possible cost sharing formulas and the military/economic benefits of the MRP. Several additional meetings were held during 1983, however, no agreement for funding was reached because the German Government continued to insist that they were unable to contribute. Negotiations continued into 1984 with no progress until the U.S. decision was made to back off from the MRP and press the German Government to support the U.S. position on the new six year Infrastructure funding ceiling.

Question. What elements of the original MRP presented to Congress has been or will be unilaterally funded by the United States? Why?

Answer. In FY 1982, $14.5 million was appropriated for two MRP projects followed by an additional $26.5 million in 1983. There were no force modernization projects at the MRP sites in FY 1984 although in FY 1985, $15.9 million was approved for two projects at Giessen. The FY 1986 budget had projects at Vilseck, Giessen, or Wildflecken but they were not associated with the MRP. The projects were required to support existing units and the deployment of the AH64 helicopter.

Clerk's Note: Following are a letter and a fact sheet prepared by the U.S. Army Europe on MRP.

DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, EUROPE, and SEVENTH ARMY
THE DEPUTY CHIEF OF STAFF, ENGINEER
APO NEW YORK 09403-0108

REPLY TO ATTENTION OF

AEAEN

December 16, 1986

Mr. Robert M. Walker
US Senate Committee on Appropriations
Washington D.C. 20510

Dear Mr. Walker:

During your visit to HQ USAREUR last month, we discussed a variety of issues important to the soldiers and the mission of the Army in Europe. At your request, we furnished you copies of slides from the briefings presented, as well as copies of several information papers concerning those and other issues.

There were several items of information you requested on that occasion which we did not have, but promised to provide later. These items include a copy of the new Family Housing Aquistion Plan (FHAP) and some photographs depicting conditions before and after maintenance facility and hardstand construction. The new FHAP will not be published until the third quarter, Fiscal Year 1987. When it is published, we'll get a copy off to you. The photos are enclosed.

In addition, you had asked why the Army had not used the French Kaserne, adjacent to Bitburg Air Base, for the Patriot beddown. Our briefing to you listed several operational reasons why we did not find the kaserne to be suitable for this purpose. We had indicated at the time that a formal site survey may have been conducted. You asked for a copy if it were available. Upon researching the matter, we found that a formal survey had not been done. In the April-May 1984 timeframe, however, we looked at various options together with USAFE. The advantages of constructing Patriot facilities in the French Training Area - both from an operational and a quality-of-life standpoint - far outweighed the other options.

You mentioned information you had received which indicated that up to 15 percent of the soldiers arriving in country with their families were, in-turn, sending their families right back to CONUS. As we told you at the time, we don't track that kind of information. However, we have asked the Office of the Deputy Chief of Staff Personnel (ODCSPER) to research this for you. Since the authority for early return of dependents to CONUS is decentralized at the community level, it will require 30-45 days for ODCSPER to compile these data. We expect to be able to send this information to you in January 1987.

Finally, you expressed concern over the fact that the Master Restationing Plan (MRP) is no longer being actively pursued after it was so optimistically presented to Congress in the Spring of 1980. I would like to provide some additional information to supplement the data we presented to you during your visit.

As you know, the main objective of MRP was to get U.S. forces stationed in Germany closer to their defensive positions in peacetime so that they could rapidly assume those positions in war. In addition to the forward deployment of forces, MRP was intended to facilitate force modernization and provide significant quality-of-life improvements. MRP proposed expansion of three bases where real estate was thought to be available. A total of 28 battalions would be located at Wildflecken, Vilseck and Giessen. Three of these battalions were already in place; six battalions were part of force modernization planning; and 19 battalions would be moved closer to defensive positions.

After MRP was developed by USAREUR during the period from 1977 to 1979, Congress agreed with the MRP concept but could not fund the program unilaterally. MRP became the vehicle to seek increased burden-sharing from the Germans. March 1982 marked the start of formal MRP negotiations with the

Germans. The initial optimism at the time of the MRP concept presentation was based on the expectation that the German Government would not only support the plan, but would share in paying for the construction needed to implement the plan.

From the onset of the U.S.-German discussions on MRP, it was evident that the German federal officials were concerned about two aspects of the plan — political and financial. From a political standpoint, the German Government expressed serious reservations about the turmoil that would be created by any large restationing actions. From a financial view point, German concern centered on U.S. expectations that the German Government would fund a substantial portion of the facilities required to execute the plan.

In an effort to reduce the potential political impact, the U.S. asserted that MRP could be realized by siting all new construction on U.S.-controlled installations and that no new land acquisition would be required. Eventually, the German federal officials indicated that they would provide assistance towards execution of MRP, but without any German cost sharing. Throughout the extensive U.S.-German negotiations on MRP, the U.S. was unable to convince the German Government to alter this position.

Based on the continued German denials to fund MRP, in November 1984 U.S. European Command took the position of discontinuing to press for implementation of the MRP concept. As alternative vehicles for increased German burden-sharing, USEUCOM cited the use of the Wartime Host Nation Support (WHNS) agreement and German support for increased NATO Infrastructure funding. Concerning WHNS, Germany made a committment to provide 93,000 Bundeswher reservists to support U.S. forces in wartime. With reference to increased NATO construction funding, the German Government agreed to an increase in the current NATO Infrastructure program (Slices 36 to 41) from 2.0 Billion IAU to 3.0 Billion IAU (present worth of about $9.3 Billion). The Germans were also instrumental in getting other NATO nations to agree to the U.S. position and support the increase which approximately doubled the size of the last program (Slices 31-35).

We continue to support USEUCOM's efforts to seek increased burden-sharing by our allies. Concurrently, we must continue to modernize the force. Thus, even though we have not lost sight of the overall MRP objective, we are continuing to concentrate on those parts of the concept which relate to Force Modernization.

It was a pleasure to have you visit us here at HQ USAREUR. I hope the information provided is helpful. If we can be of further assistance to you, please ask.

Sincerely,

Scott B. Smith

Scott B. Smith
Major General, U.S. Army
Deputy Chief of Staff, Engineer

Enclosure

AEAEN-RE

SUBJECT: MRP - Reason Why the German Government would not Participate in Funding

1. PURPOSE. To explain why the German Government would not undertake, jointly with the US Forces, financing and execution of the Master Stationing Plan.

2. ISSUES.

a. From the onset of the US/FRG discussions on MRP, it was evident that the German federal officials were concerned about two aspects of the plan: political and financial. From a political standpoint, the German Government expressed serious reservations about the turmoil which would be created by any large restationing actions. From a financial viewpoint, German concern centered on US expectations that the FRG would fund a substantial portion of the facilities required to execute the plan.

b. In an effort to reduce the potential political impact, the US side asserted that MRP could be realized by siting all new construction on US-controlled installations and that no new land acquisition would be required. Eventually, the German federal officials indicated that they would provide any possible assistance towards execution of MRP, but without any German cost sharing. Throughout the extensive US/FRG negotiations on MRP, the US side was unable to convince the German Government to alter this position. Although these officials recognized the tactical advantages of the Master Stationing Plan, they could not see sufficient justification to seek funds from the German federal budget to participate in a cost sharing arrangement.

c. The US side tried to explore the possibility that the sale of some of the properties which would be vacated as a result of MRP would generate a funding source for German cost sharing. This possibility was foreclosed when the German Government stated that any funds derived from the sale of German federal property would have to be returned to the German treasury and that the only funding source from such an arrangement would be the amount a potential buyer would be willing to offer above the fair market value of the property.

d. In summary, the concept of a joint US/FRG cost sharing of MRP failed because German federal officials refused to seek German public funds to participate in the financing of a plan which, albiet desirable, was not, in their view, of sufficiently high-priority when compared to other defense needs.

PREPARED BY: J.L. Fuentes HDG Mil 370-6729
J.L. Fuentes

AUTHENTICATION: J.L. Fuentes DATE: 29 November 1990

AIRCRAFT PURCHASES

Question. It has been reported that NATO is considering the purchase of tanker aircraft to support the AWACS Program. Is that correct?

Answer. Discussions in NATO regarding tanker aircraft for the AWACS aircraft are reportedly underway, however, no decisions have been made.

Question. How will these aircraft be purchased?

Answer. It is assumed that the purchase will be made under similar conditions as the original NATO purchase of the 18 AWACS aircraft.

Question. Will NATO Infrastructure funds be utilized?

Answer. No, Infrastructure funds will not be used if a decision is made to purchase tanker aircraft.

Clerk's Note: Following is a letter received by the subcommittee concerning proposed aircraft purchases from the infrastructure account.

THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-8000

18 FEB 1987

Mr. Mike Walker
Professional Staffer,
Subcommittee for Military Construction
Senate Appropriations Committee

Dear Mr. Walker:

Following your recent visit to Europe, it was apparent from your questions and several theater reports that you may have departed the area with some incomplete or misleading information regarding the Infrastructure program and, more specifically, the purchase of aircraft with NATO funds.

The purchase of KC-135 tanker aircraft as part of the NATO AWACS program is not being considered for infrastructure funding and never has been a candidate. The NATO AWACS program was an allied venture that did not use infrastructure funding even for the initial facilities construction much less the purchase of the aircraft or equipment. Recently, the restoration of existing AWACS facilities and required new construction was accepted for Infrastructure support but not the purchase of additional aircraft.

The allies have, however, agreed to consider the purchase of three aircraft (probably Boeing 707s or DC-8s) for the Multi-Service Electronic Support Group (MEWSG). If accepted for Infrastructure funding, the aircraft would be equipped with electronic jamming and threat emitter equipment for training purposes. The equipment and operating costs would also be funded by NATO.

While the purchase of aircraft would be a "first" for the Infrastructure program, funding for other than fixed facilities is fully supported under specific categories. For several years the program has included, among other things, ADP equipment, radars, crypto systems, communications satellites, cranes, certain types of vehicles, and administrative expenses for NATO management agencies.

The program was initially established to rebuild the airfields and communications systems in post-war Europe and, since that time, has evolved to cover a wide range of operational requirements. However, the bulk of the program still funds basic facilities construction. Attached is a listing of all currently approved infrastructure categories and some of the facilities and equipment eligible for NATO common funding under these categories.

As Joe Loveland may have mentioned during your visit to HQ NATO, the program exists primarily to satisfy wartime requirements and some joint peacetime operational training. Justification for projects is made on the basis of national assignments of forces and equipment to NATO. Project scope is generally limited to the minimum required for combat operations. Facilities are austere and do not include space for administrative, training, or peacetime personnel support. Construction to support these functions remains a national responsibility.

Congressional response to this program has been favorable in recent years. From an economic perspective, the program has been beneficial to

U.S. interests. Authorization and appropriations language take account of the broad scope of the program and allow funding for a wide range of NATO requirements including the purchase of aircraft if agreed by all the participating nations. A copy of the language is also included as an attachment.

Please contact myself or Mr. William Harper of my staff (695-7006) for any additional information or data reagrding the Infrastructure program that you may desire.

Michael M. Dallam
Captain, CEC, USN
Director for Quality
Facilities Acquisition

AIRCRAFT PURCHASE ASSOCIATED WITH MEWSG

Question. What is the status of the proposal to utilize Infrastructure funds to purchase aircraft associated with the Multi-Service Electronic Support Group (MEWSG)?

Answer. The project to purchase the aircraft has been proposed for inclusion in Slice 39 (1988 Infrastructure Program). A final decision by SHAPE Headquarters has not been made but it is assumed the project will appear in the formal slice submission to the NATO Military Committee in May 1987.

Question. What would be the cost of the three aircraft?

Answer. The latest estimate is some $6 million for three used aircraft similar to the Boeing 707.

Question. The testimony indicates that only half of the $20 billion identified eligible facility requirements are programmed in the proposed NATO Infrastructure Program. With such a backlog, why is it wise to purchase aircraft from the Infrastructure account?

Answer. The $20 billion of identified Infrastructure requirements is not limited solely to facility requirements but includes construction and procurement. About 25-30 percent of the program includes equipment, materiel, and services such as radars, ADP equipment, vans and trucks for mobile war headquarters, communications satellites, administrative expenses for some NATO management agencies, spare parts, security systems, and airfield arrestor gear. Programming is based on operational priorities established by the NATO Military commands. In this instance the NATO military have determined that electronic warfare training is of sufficient priority to warrant programming of MEWSG ahead of lower priority Infrastructure requirements - both facilities construction and other procurement.

NATO BILL LANGUAGE

Question. Last year the Department of Defense added language to the bill which included the words "and for related expenses." What authority does the Department of Defense believe was conveyed to the Department by this language?

Answer. Last year the Department requested a change to the bill to read "...for such purpose, the Secretary of Defense may make contributions for the United States' share of the cost of North Atlantic Treaty Organization programs for the acquisition of personal property, for the acquisition and construction of military facilities and installations (including international military headquarters) and, for related expenses for the collective defense of the North Atlantic Treaty area." The section "for related expenses" was added to cover the use of Infrastructure funds for all those eligible expenditures that were not construction or procurement. Included are expenditures such as specific management functions, feasibility studies, leasing of equipment, and software development.

Question. Why was this language needed?

Answer. In prior years, bill language only addressed the use of NATO Infrastructure for the construction of military facilities. In fact, for years the NATO program has been much broader in scope with only some 65 percent of the funds used for facilities construction with the remainder used for the procurement of equipment and materiel such as communications satellites, trucks and vans for mobile war headquarters, dock-side cranes, astern refueling rigs, radars, crypto, and ADP equipment. NATO funds are also used for studies, some leasing, and management support. The recommended change to the bill more accurately reflects the actual use of NATO Infrastructure funds.

Question. This year the Department seeks to add the words "for the acquisition of personal property." For what specific purpose is this language being requested?

Answer. The language is required to reflect NATO procurement of equipment and materiel such as communications equipment, radars, crypto gear, cranes, astern refueling rigs, etc.

GERMANY

Question. Provide a list of every location in Germany that contains U.S. military or DoD civilian personnel. Include the number of personnel and primary mission at each location.

Answer. A copy of the DoD Base Structure Report for FY 1988 has been passed separately to the committee. In Germany there are over 400 separate installations, depots, airfields, family housing areas, hospitals, maintenance facilities, and training areas.

Provide list of every DOD sponsored recreational area in germany, include hotels, guest quarters and lodges (and the capacity of each); hunting, fishing, skiing and other areas owned

or leased; and the method of acquisition of each. Also provide the total amount of appropriated funds spent at each of these areas during FY 86.

A. Following shows all DOD sponsored armed forces recreational (AFRC) areas in Germany.

Garmisch recreation area
Abrams hotel
Patton hotel
Sheridan hotel
Von Steuben hotel
Haus Flora (guest house)

Lake Chiemsee area
Lake hotel
Park hotel

Berchtesgaden area
Brechtesgadener hof
McNair hotel
Walker hotel
Skytop hotel
Evergreen (guest house)

Appropriated fund support in fiscal year 1986 was $ 25.6 million (Includes Real Property Maintenance Activity costs of $12.9 million)

All facilities were requisitioned for the occupation forces. This was later confirmed by SOFA agreement. The areas are documented on U.S. Army inventories as rent free properties.

Question. What was the amount of facility maintenance and repair funds and minor construction funds (O&M) spent in Germany during FY 1986? List the purpose and locations for each maintenance or repair project that cost over $1 million during FY 1986.

Answer. Total for FY 1986 OMA "K" account (maintenance and repair of real property) in Germany was $499.4 million. Total for FY 1986 OMA "L" account (minor construction) in USAREUR was $68.1 million. Following is a list of FY 1986 maintenance and repair projects costing over $1 million:

Military Community	Project No.	Purpose	CWE $000
Badkreuznach	KH3897	Repair of heating system	2,918
Baumholder	BH16587	Repair of water system	1,874
	DX004404	Repair warehouse roof bldg 9044	1,593
Nuernberg	NU533680	Barracks repair bldg 285	1,229
Stuttgart	SR001065p	Repair sewer lines	1,256
	ZA001834p	Repair EUCOM command & control building 2358	3,800

Bremerhaven	HB2013a	Repair admin facility bldg 1	1,200
	HB15252	Repair community support facility bldg 105	3,696
Mannheim	MA21612	Repair vehicle maintenance building 348	1,900
	MA1513	Repair warehouse building 1536	1,900
	MA2612	Repair warehouse building 1560	1,850
Heidelberg	HD316875	Repair parking areas	1,713

For USAFE commands, $34.6 million was expended for maintenance and repair and minor construction. There were no reported Air Force projects costing over $1 million. The Navy has no installations in Germany.

GERMANY

Question. List the location, purpose, and cost of each Research and Development funded construction project in Germany during FY 1986.

Answer. There were no Research and Development funded construction projects in Germany approved in the FY 1986 MILCON Program.

Luxembourg

Question:
Explain exactly why a $15.5 million medical contingency complex is required at this location.

Answer: The ability to treat casualties in a wartime scenario and return as many as possible to duty is critical, especially in a conventional war. Today there are insufficient hospital beds in Central Europe to treat the number of casualties expected, especially given the forces at risk and the conventional threat to this region. Present and projected air/sealift capabilities cannot support the requirement nor could many casualties survive the evacuation to the United States without the care provided in a medical contingency complex. The threat also includes air bases as first strike targets generating high casualty rates for main operating bases in Central Europe. This requires that beds be immediately operable, that is prepositioned in theater and organized for sustained operations within hours of the first casualty. Additionally, since making 1000 bed hospitals survivable on operating bases is cost prohibitive, they must also be located away from these high threat bases. The $15.5 million Medical Contingency Complex at Echternach, Luxembourg provides the required capability. Its 24 acre site is away from high threat bases and has been provided at no cost to the United States. This project is supported by the Department of Defense's Worldwide Plan for Medical Mobilization and Contingency Facilities. The European portion of this plan is in final coordination with the

Commander-in-Chief United States Forces Europe. To further reduce costs, the Echternach project is modeled after the Medical Contingency Complex at Kimhae, Korea, which was appropriated by the Congress in FY 86 and is now under construction.

Question: Why are there no other existing locations that could be used to store these medical supplies?

Answer: Every effort has been made to locate buildings of opportunity or appropriate sites in Central Europe to satisfy the requirement for prepositioning the 1000-bed Deployable Medical Systems (DEPMEDS) being proposed in the Echternach, Luxembourg project. Because this hospital must be immediately operable, any buildings of opportunity would still require significant funding to meet this requirement. The Government of Luxembourg (GOL) has made a significant commitment by providing the 24 acre Echternach site at no cost and has offered to provide the required site support.

Question: Who will provide security for the supplies stored in this complex?

Answer: The physical security of the Echternach, Luxembourg site and prepositioned equipment and supplies is being included in the Statement of Requirements (SOR) now under development by the U.S. Air Force. The SOR will be negotiated with the Government of Luxembourg (GOL) in the near future.

Question. Does not this equate to opening yet another military location in Europe?

Answer. The construction of the medical contingency facilities would constitute the establishment of a military installation as defined in Section 2801, Title 10, U.S. Code. A military installation is defined as a base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a Military Department or, in the case of an activity in a foreign country, under the operational control of the Secretary of a Military Department or the Secretary of Defense. In peacetime, the facility would be under the control of the Secretary of the Air Force and Air Force O&M funds would be used to maintain the facility, supplies, and equipment. In wartime, operational control would fall to the U.S. Commander-in-Chief, U.S. Forces, Europe.

Question: Where in your budget is the request for the contingency hospital beds and related supplies?

Answer: The Deployable Medical Systems (DEPMEDS) for the Echternach, Luxembourg Contingency Hospital project, which includes 1000-beds and all supplies and equipment, was funded in FY 85 under the U.S. Air Force Other Procurement (3080) Appropriation. Long

lead time equipment items are now being contracted for, and all supplies and equipment will be delivered to coincide with the projected completion in FY 90 of this project.

Question: What are the other locations in Europe where we have contingency hospitals and what is the bed capacity of each? What was the method of acquisition of each?

Answer: The locations where the United States has other contingency hospitals and the bed capacity of each are shown in the Worldwide Plan for Medical Mobilization and Contingency Facilities which the Congress requested in FY 87. This classified plan includes a detailed look at the what, why, and how of the Department's wartime medical program; data on the wartime forces to be supported; the medical support required; and how the Department will provide the necessary capability (Deployable Medical Systems, fixed facilities, and host nation agreements). The European portion of this plan is complete and is in final coordination with Commander-in-Chief U.S. Forces Europe. Arrangements are being made with the appropriate Congressional Committees to brief the Plan while we await final comments from Europe.

Question: How many more contingency hospitals are planned for Europe through 1990? List the locations and number of beds for each?

Answer: The number, location, and size of the contingency hospitals planned between now and FY 1990 are included in the Worldwide Plan for Medical Mobilization and Contingency Facilities which the Congress requested in FY 87. This classified plan includes a detailed look at the what, why, and how of the Department's wartime medical program; data on the wartime forces to be supported; the medical support required; and how the Department will provide the necessary capability (Deployable Medical Systems, fixed facilities, and host nation agreements). The European portion of this Plan is complete and is in final coordination with Commander-in-Chief U.S. Forces Europe. Arrangements are being made with the appropriate Congressional Committees to brief the Plan while we await final comments from Europe.

Question: List the locations of medical storage facilities, other than hospitals, in Europe and the method of acquisition of each?

Answer: Wartime medical equipment and supplies, other than for hospitals, are stored to support the Services operational forces as follows: The Army uses Battalion Aid and Clearing Stations to provide the non-hospital medical care to its operational

forces. The equipment and supplies are stored as part of the Army's Prepositioning of Material Configured to Unit Sets (POMCUS) program. POMCUS sites are located throughout the European theater. The medical material in this program has been and will continue to be funded within the Army budget along with other POMCUS material. The Air Force also stores its non-hospital medical equipment and supplies where its forces will be employed. These material and supplies have been and will continue to be funded in the Air Force budget. Since Air Force units operate from main and colocated operating bases throughout Europe, this material is being stored on all Air Force bases in Europe at sufficient levels to support second echelon (2E) level medical care. This 2E care is equivalent to the level provided by the Army's Battalion Aid and Clearing Stations. It includes triage, decontamination (when required), and medical care to return the individual to duty or emergency care to stabilize the patient for transfer to more definitive surgical care at a third (3E) or fourth (4E) echelon facility. The Navy's non-hospital medical contingency assets are stored afloat to support the fleet in their contingency operations at sea. These assets have been and will continue to be funded in the Navy budget. Navy forces ashore are supported similar to the Air Force concept.

UNITED KINGDOM

Question. How many military installations do we now have access to in the United Kingdom? How many did we have access to in 1981?

Answer. We have access to 44 sites in the United Kingdom. Since 1981, the GLCM sites at Greeham Common and Molesworth were added.

Question. Provide a list of each location in the United Kingdom where American DoD personnel are stationed and locations where U.S. DoD supplies are stored if Americans are not residents at those locations. Include the number of personnel stationed at each location.

Answer. The following bases/sites have permanently stationed U.S. military personnel. Numbers in brackets represent average numbers of military personnel at any one time:

Army:
- **Burtonwood Army Depot, Depot and Technical Site (44)**

Air Force:
- **RAF Alconbury, Tactical REconnaissance Wing (2,980)**
- **RAF Croughton, Communications (390)**
- **RAF Bentwaters, Tactical Fighter Wing (4,650)**
- **RAF Fairford, Air Base Group (150)**
- **High Wycombe Air Station, Support Activity (120)**
- **RAF Lakenheath, Tactical Fighter Wing (4,900)**

RAF Mildenhall, Tactical Airlift Wing (3,110)
RAF Molesworth, Tactical Missile Wing (900)
RAF Greenham Common, Tactical Missile Wing (1,700)
RAF Welford, Ammunition Storage (200)
RAF Chicksands, Air Base Group (1,300)
RAF Upper Heyford, Tactical Fighter Wing (4,740)
RAF Weathersfield, Engineering Support Squadron (520)
RAF West Ruislip, Construction Agency (12)
RAF Woodbridge, Tactical Fighter Squadron (410)

Navy:

HQ, Commander-in-Chief, Naval Forces, Europe (1,057)
Naval Security Group Activity, Edzel (790)
Naval Support Activity, Holy Loch, Submarine Support (2,208)
Naval Communications Station, Thurso, Communications (163)
Naval Facility, Brawdy, Classified Research (379)
Naval Air Facility, RAF Mildenhall, Aviation Support (34)
Naval Weapons Facility, RAF St, Mawgan, Storage (196)
RAF Machrihanish, Ammunition Storage (225)

The following facilities are for the storage of U.S.-supplied stocks and materiel but do not have permanently assigned personnel:

Navy:

Glen Douglas, Ammunition Storage
Broughton Moor, Ammunition Storge
Loch Uwe, Fuel Storage
Campbeltown, Fuel Storage
Clyde, Mooring
Plymouth, POL Storage/Mooring
Loch Striven, Fuel Storage
Fairlie, Logistics Storage

Air Force:

The following airbases are beddown locations for U.S. NATO-assigned reinforcement squadrons. Under agreement with the U.K., host nation facilities would be utilized for personnel support while operational facilities are constructed with NATO funding. U.S. fuel and ammunition stocks for seven days of wartime operations are prepositioned in NATO-provided facilities:

RAF Abingdon
RAF Bedford
RAF Benson
RAF Boscombe Down
RAF Brawdy
RAF Coltishall
RAF Cottesmore
RAF Odiham
RAF Scampton
RAF Waddington
RAF Wittering
RAF Sculthorpe

PORTUGAL

Question. It has been reported there have been recent difficulties in negotiations with Portugal concerning basing agreements and use agreements. Do you have any projects previously appropriated for Portugal that have not been awarded due to problems in negotiations? If so, list the projects, costs, and year of appropriation.

Answer. There are no difficulties with the Government of Portugal concerning basing agreements and use agreements. In FY 1986, $14.6 million was appropriated for an Air Force project in Portugal. The contract has not been awarded because an exemption from payment of Value Added Tax (VAT) has not yet been given. Negotiations on this issue continue.

Questions Submitted by Senator Stevens

EUROPEAN TROOP STRENGTH CEILINGS

Question. On what basis, Mr. Maresca, do you claim that the troop ceilings in Europe have had a "distinctly adverse" impact on our combat capability?

Answer. When an ETS ceiling was first imposed in FY 1983, the initial effect was to encourage unit undermanning in order to ensure that European end strengths did not exceed the ceiling. This had an adverse impact on unit readiness, including the readiness of mechanized infantry battalions and armored cavalry squadrons. We have also been forced, at least in part by the ceiling, to withdraw units from Europe to offset critical growth. Of course, factors aside from the ceiling (e.g., reorganization, modernization) influenced these withdrawals. But the ceiling in our view had a significant impact on the following:

- Reductions of Air Force tactical Air Control System by six units, and
- Return of two Air Force OV-10 squadrons to CONUS.

In each case, the withdrawals left a temporary shortfall that could not be fully met by other units. The result was a decrease in our combat capabilities in the affected areas.

In addition, the ceiling has forced us to make significant reductions in our planned increases in European troop strengths. Such reductions adversely affect efforts to enhance our combat capabilities. That is, while we are proceeding with the most critical improvements, other improvements that are clearly warranted by the increased Warsaw Pact threat could not be pursued because of the ETS ceiling.

Question. How has the ceiling impeded modernization? The introduction of substantial quantities of modern aircraft, tanks, personnel carriers, helicopters, and ships has improved our capabilities in NATO, hasn't it?

Answer. Since 1980, we have probably increased our overall combat capabilities in Europe through force modernization despite the ETS ceiling. But the longer the ceiling remains in effect, the more difficult it will become to pursue effective force modernization. We may soon reach the point where offsetting reductions could seriously harm our combat capability.

Question. Given the $800 million in solely U.S. MILCON funding requested for FY 1988, how much higher on an annual basis could the requirement be if some forces were returned to the United States?

Answer. In the absence of specific numbers and types of forces and proposed relocation areas, there is no realistic way to estimate costs. One assumes that the MILCON budget in Europe would be reduced, not increased, if some forces were returned to the United States. However, construction requirements in the U.S. would certainly increase with the return of significant numbers of personnel. The return of, say, 50,000 troops would require several billion dollars of facilities construction.

Question. Rather than estimate the cost of building new facilities to accommodate troops returning from Europe, what is the available excess capacity at U.S. installations to absorb additional forces? Mr. Weinberger proposes closing a number of installations over the next two years--why not put them to this use?

Answer. In general, the types of installations DoD has proposed closing (e.g., hospital, laboratories) are not suitable for accommodating significant numbers of forces and equipment that could be withdrawn from Europe. Mather Air Force Base, currently under consideration for closing, could accommodate some squadrons.

NATO MILITARY CONSTRUCTION FUNDING

Question. Of the $800 million identified for U.S. military construction projects in Europe, how much of that request funds projects primarily for dependents and civilian personnel?

Answer. There are no projects specifically for civilian personnel; however, a total of $263 million is for the construction of what can be labeled "community support facilities." The breakdown by project follows:

	($ millions)
Dependent Schools	51
Chapels	5
Youth Centers	2
Child Care Centers	9
Medical/Dental	83
Family Housing	97
Physical Fitness Centers	5
Community/Recreation Centers	10
Libraries/Education Centers	1

It must be noted that many of the above facilities (e.g., gyms, medical, dental, libraries) would still be required even in the absence of dependents, although the scope would be reduced. Other types of facilities are solely for dependents such as child care centers, schools, and youth centers. In the absence of family housing, additional BOQ/BEQ space would also be required.

Question. Over the past five years, what has been the total U.S. MILCON cost in Europe, exclusive of the NATO Infrastructure fund, and how has the annual cost changed over this period?

Answer. MILCON appropriations for Europe for the past five years follow:

	($ millions)
FY 1987 -	605
FY 1986 -	798
FY 1985 -	659
FY 1984 -	711
FY 1983	583
TOTAL	$3,356

Totals include MILCON and family housing new construction but not the U.S. contribution to the Infrastructure Program.

Question. Has the increase in civilian personnel in Europe played a significant role in the requirement for military construction funds for NATO?

Answer. The increase in civilian personnel has had no impact on the European MILCON Program.

U.S. MILITARY PRESENCE IN SPAIN

Question. What is the total U.S. military, civilian, and dependent population in Spain? How is that distributed between the three Services?

Answer.

	Military	Civilian	Dependents
Navy	3,333	1,407	3,450
Air Force	5,229	1,193	4,270
Army	0	0	0
TOTALS	8,562	2,600	7,720

Question. How much of the $800 million in U.S. MILCON is requested for projects in Spain? How do the ongoing negotiations on U.S. presence in Spain figure into the MILCON request?

Answer. Because of the ongoing negotiations, there are no projects in Spain in the FY 1988 MILCON request.

Question. Doesn't the situation in Spain provide us with a reasonable opportunity to reduce U.S. personnel stationed in Europe without failing our commitment to our allies?

Answer. No, because there are U.S. NATO-assigned forces stationed in Spain that are part of our commitment and essential to alliance security.

Question. What would be the savings if just one of the Air Force Bases in Spain were closed?

Answer. There would be no savings realized from the closure of any base in Spain unless the units and weapons systems would be deleted from the force structure. In the event of a base closure, the relocated forces would require comparable facilities elsewhere and operating costs would be similar.

JAPAN'S DEFENSE COMMITMENT

Question: Mr. Jackson, hasn't the tremendous appreciation of the Japanese yen compared to the U.S. dollar accounted for many of the increases in Japanese spending that you note in your statement?

Answer: Yes, some of the growth can be attributed to yen appreciation. Nevertheless, in terms of yen the Japanese government has steadily and consistently increased defense spending in real terms by an average of five percent per year. This is a record of sustained commitment to increases in defense spending virtually unmatched by any ally, not to mention our own government.

Question: What has been the growth of Japanese defense spending in yen, not dollars, from 1983 to 1987? What has been per capita defense spending?

Answer: See below.

JAPANESE DEFENSE SPENDING, JFY83-87

	Total Defense Spending (Billion Yen)	Yen Per Capita (a)
JFY 1983	2,754.2	23,341
1984	2,934.6	24,869
1985	3,137.1	26,586
1986	3,343.5	28,335
1987	3,517.4	29,808

(a) Population in 1980 estimated to be 118 million.

Question: Why is it "politically impossible" for the Japanese to contribute directly to the defense of the Middle East oil resources and sea lanes? Isn't Japan facing a much more severe crisis than the United States if their Middle East oil supply is interrupted?

Answer: We do not believe this proposal would serve U.S. interests. The Japanese government is severely constrained by domestic public opionion and by the sensitivities of its neighbors in matters such as these. The political problems such a proposal would generate would be counter-productive, and, indeed, could undermine all that we have accomplished in the last several years. Rather than make unrealistic demands that are likely to jeopardize Japan's fragile consensus on defense issues, we believe it is better for us to work with the GOJ on fulfilling the self defense goals we agreed on in 1981, and which are embodied in the Mid Term Defense Plan, and, to encourage them to contribute to labor cost sharing and facilities construction for U.S. forces. Currently, Japan is voluntarily funding these programs at extraordinarily high levels -- $225 million and $496 million, respectively, in 1987 and more that $1 billion for facilities over the last three years.

Question: Mr. Jackson, you cite Japanese contributions to Host Nation Support and Japanese civilian employee salaries as major efforts. Aren't these programs as beneficial to the Japanese domestic economy as to U.S. military operations?

Answer: Although Japanese firms do perform the construction projects paid for by Japanese taxpayers under the Facilities Improvement Program, U.S. Forces are primary beneficiaries. Japan's program of HNS is the most generous received by the U.S. anywhere in the world, averaging some $30,000 per U.S. serviceman. These funds have contributed enormously to the quality of life for U.S. forces in Japan, and to the efficiency of our operations there.

CONCLUDING REMARKS

Senator SASSER. Last week, I might say, in some overview hearings, I stated that, with regard to military construction, it is the overseas projects that are in the greatest jeopardy. We are going to have to make very substantial cuts in the military construction bill, I am sorry to have to report. I think this is going to be where we are going to see the largest cuts.

So, I would hope that the message would go out from here today that our allies are going to have to take a larger share, and that includes a larger share in the construction of military facilities in their respective countries. I am hopeful that we are going to continue to stay after this, gentlemen, until we feel we have garnered sufficient attention from the administration and until our allies realize that we are serious about it.

It is my view that we ultimately are going to put them to the test, that is, whether or not they are willing to make the commitments, the financial commitments, to the common defense. I think we are just going to have to see.

SUBCOMMITTEE RECESS

Thank you very much for appearing here this morning.

[Whereupon, at 12 p.m., Wednesday, March 18, the subcommittee was recessed, to reconvene at the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, APRIL 1, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:07 a.m., in room SD–192, Dirksen Senate Office Building, Hon. James R. Sasser (chairman) presiding.

Present: Senators Sasser, Proxmire, Reid, and Specter.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

STATEMENT OF HON. TIDAL W. McCOY, ASSISTANT SECRETARY OF THE AIR FORCE, MANPOWER RESERVE AFFAIRS AND INSTALLATIONS

ACCOMPANIED BY MAJ. GEN. GEORGE E. ELLIS, U.S. AIR FORCE, DIRECTOR OF ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

ACTIVE AIR FORCE, AIR GUARD, AND RESERVE MILITARY CONSTRUCTION AND MILITARY FAMILY HOUSING

BUDGET REQUEST

Senator SASSER. The subcommittee will come to order. Today we will be hearing witnesses from the Department of the Air Force.

The combined request for Air Guard and Reserve and Active Air Force military construction and military family housing is almost $2.7 billion. That is an increase of 17 percent over the current year. I have asked the Active Air Force and the Reserve components to appear together at this hearing.

TOTAL FORCE CONCEPT

I am a strong believer in the total force concept, and the Guard and Reserve play important roles in America's defense posture and in our ability to defend ourselves and to project our power around the world.

In my home State, there are three Air Guard units. They are manned by highly professional personnel, and they perform their airlift and tanker missions, I am told, at a much lower, more cost-efficient figure

than the active components do, and, based on my personal observation, they seem to perform it with a great deal of expertise and enthusiasm.

We are in a time of severe budget constraint—and I must say that sometimes I think our friends in the Department of Defense really do not understand or appreciate just how severe these budgetary restraints are now. If they have any doubts, I would suggest they attend a meeting of the Budget Committee, on which I have the misfortune to serve and in which we have been struggling with these numbers now over a period of some weeks.

We are going to be looking at ways to reduce defense costs, and one of these is to begin to shift active missions to the Guard and to the Reserve.

Now, I would ask that each of our witnesses deliver his testimony before we get to questions that I or other Members of the subcommittee may have who will be in attendance, I am advised, later on.

INTRODUCTION OF WITNESSES

Today we are going to hear from the Honorable Tidal McCoy, the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, and Installations.

We welcome you, Mr. Secretary.

He is accompanied by Maj. Gen. George Ellis, the Director of Air Force Engineering and Services, and we welcome you, General Ellis.

We will also hear from Brig. Gen. John McMerty, Deputy Director of the Air National Guard.

General McMerty, we are delighted to have you here today.

We will also hear from Brig. Gen. Shirley Carpenter, the Deputy to the Chief of Air Force Reserve.

Welcome, General Carpenter. Gentlemen, you may proceed as you wish. I assume, Mr. McCoy, you will be first.

READINESS SUPPORT

Mr. McCoy. Mr. Chairman, thank you very much. We are all very pleased to be here. We will proceed in order with some short statements and then be prepared for your questions.

I have been recently redesignated as Assistant Secretary for Readiness Support, which includes installations and logistics and has been done by the Secretary for the purposes of putting additional emphasis in the area of installations and combining the factors which are in that area with the kinds of parameters that we find in the logistics area to ensure that we pay more attention to readiness and sustainability.

As you mentioned, we have other witnesses this morning that can address different and specific parts of the program. We appreciate the opportunity to appear before your committee to present the Air Force's military construction and family housing request for fiscal years 1988 and 1989.

We thank this committee for its continuing support of the Air Force's military construction programs. We have almost completed the neces-

sary construction to support many national programs, including the ground-launched cruise missile, the Peacekeeper missile, the B–1B bomber, and the cruise missile deployment schedule. Additionally, this committee has recognized the need and has helped to improve the working and living conditions of our Air Force members and their families.

BUDGET SUBMISSION

This year's budget submission recognizes the constrained budget environment that confronts us while we seek to effectively sustain our commitment to a quality force, revitalize our $128 billion physical plant, and satisfy mission support requirements. Our request has been scrubbed very hard and represents the minimum level of effort necessary to achieve these goals.

Since fiscal year 1983, we have submitted military construction and military housing requests averaging approximately $3 billion a year. Unfortunately, we have been held to less than $2.4 billion, with a low of $2.05 billion last year. During the 5-year period, Milcon and military family housing has been cut on average 22 percent, while the other Air Force accounts took a combined cut of only 7 percent. In fiscal year 1987, the combined "Milcon and family housing" account took the largest proportional cut of all the Air Force accounts.

Within the Pentagon we are facing, therefore, a catch 22 situation. Since we have been unable to show congressional support for increasing the Milcon and family housing appropriation, that portion of the Air Force budget allowed to be applied to Milcon is artificially constrained by budget managers. We, therefore, need to reverse the trend of the past and obtain strong congressional support so as not to artificially constrain the Milcon portion of the Air Force budget inside the Pentagon.

BASELINE FUNDING

We believe the problem can best be solved by establishing a baseline for funding the revitalization of our existing physical plant and then let the new mission and readiness Milcon requirements fluctuate as required to support the new systems and initiatives that are approved. To do this, we need to fix a prudent level of funding for Milcon to be adjusted annually only for inflation and let the balance of the Milcon requirements compete in the Air Force budget along with the systems and initiatives which they support.

Secretary Aldridge and General Welch, our Chief of Staff, fully support the need to reverse past trends and raise the priority of our military construction and family housing accounts. In recent letters to the Congress, which I understand you and your staff have received, they have expressed these very words.

I would also like at this point to interject a chart, if I could, Mr. Chairman, which represents excerpts from messages which have been sent in by our major commanders in the field. These represent the same sentiments they recently expressed to all of us at a meeting of all

of the four stars a month or two ago. They really consider that a tremendous leverage effect can be gained from the kinds of funding that this committee provides, both as to mission effectiveness and quality of life.

As we face difficult times ahead with respect to keeping up in the area of pay raises, retirement, PCS costs, and the like, knowing that construction and dynamic activities are taking place on the bases does a lot to insure our members understand that the Congress and the American people feel that their service is very highly valued.

BUDGET REQUEST

Our appropriations request for military construction and family housing in fiscal year 1988 is $2.427 billion and $2.697 billion for fiscal year 1989. Our fiscal year 1988 request is $150 million less than our 1987 request and is a decrease for the third consecutive year. The military construction element of our request is about $1.5 billion and $1.739 billion respectively for fiscal years 1988 and 1989. The family housing element is $927 million and $958 million, respectively, for fiscal years 1988 and 1989.

In the interest of time, I will not go into any more detail on our request as such. It is covered in my comprehensive statement which I have provided to the committee.

PEOPLE PROGRAMS

In closing, therefore, I would like to reiterate that we place our people and the programs that support them at the top of our priority list. If we are to attract, retain, and motivate quality people for tomorrow's Air Force, we must provide them adequate working and living conditions. The military construction and military family housing programs make essential contributions to our war fighting capabilities.

We are well aware of your own request to Senator Stennis, chairman of the Senate Appropriations Committee, calling for real growth in these vital programs. We applaud you for this and the support your subcommittee is giving you for your continuing efforts to make our requests whole in these tough budget times.

Mr. Chairman, we are honored to be able to appear before your subcommittee representing the U.S. Air Force. General Ellis, General Carpenter, General McMerty, and I are prepared to answer your questions later as you choose after their statements.

Thank you very much.

[The statement follows:]

JOINT PREPARED STATEMENT

HONORABLE TIDAL W. MCCOY, Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations)

MAJOR GENERAL GEORGE E. ELLIS
Director of Air Force Engineering & Services

INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM TIDAL W. MCCOY, ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS AND INSTALLATIONS. I HAVE WITH ME THIS MORNING MAJOR GENERAL JUD ELLIS, DIRECTOR OF ENGINEERING AND SERVICES, UNITED STATES AIR FORCE. IT IS A PLEASURE FOR US TO APPEAR BEFORE YOUR COMMITTEE TO PRESENT THE AIR FORCE'S MILITARY CONSTRUCTION REQUEST FOR FISCAL YEARS 1988 AND 1989.

OVERVIEW

WE WOULD LIKE TO THANK THIS COMMITTEE FOR ITS CONTINUING SUPPORT OF THE AIR FORCE'S MILITARY CONSTRUCTION PROGRAMS. WE HAVE ALMOST COMPLETED THE NECESSARY CONSTRUCTION TO SUPPORT MANY NATIONAL PROGRAMS INCLUDING THE GROUND LAUNCHED CRUISE MISSILE, THE PEACEKEEPER MISSILE, THE B-1B BOMBER AND THE CRUISE MISSILE DEPLOYMENT SCHEDULES. ADDITIONALLY, THIS COMMITTEE HAS RECOGNIZED THE NEED AND HAS HELPED TO IMPROVE THE WORKING AND LIVING CONDITIONS OF OUR AIR FORCE MEMBERS AND THEIR FAMILIES.

OUR APPROPRIATIONS REQUEST FOR MILITARY CONSTRUCTION AND FAMILY HOUSING IN FISCAL YEAR 1988 IS $2.427 BILLION AND $2.697 BILLION FOR FISCAL YEAR 1989. OUR FISCAL YEAR 1988 REQUEST IS $150 MILLION LESS THAN OUR 1987 REQUEST AND IS A DECREASE FOR THE THIRD CONSECUTIVE YEAR. THE MILITARY CONSTRUCTION ELEMENT OF OUR REQUEST IS $1.501 BILLION AND

$1.739 BILLION RESPECTIVELY FOR FISCAL YEARS 1988 AND 1989. THE FAMILY HOUSING ELEMENT IS $927 MILLION AND $958 MILLION RESPECTIVELY FOR FISCAL YEARS 1988 AND 1989.

MILITARY FAMILY HOUSING PROGRAM

CARING FOR THE HOUSING NEEDS OF OUR AIR FORCE FAMILIES CONTINUES TO BE ONE OF OUR MOST IMPORTANT QUALITY OF LIFE OBJECTIVES. THERE ARE OVER 375,000 FAMILIES IN THE AIR FORCE. THEY ALL NEED HOUSING. WE CONTINUE TO RELY ON THE LOCAL COMMUNITY AS OUR FIRST SOURCE. IN THOSE INSTANCES WHERE THE LOCAL COMMUNITY CANNOT MEET OUR NEEDS, WE PROVIDE GOVERNMENT SUPPORTED HOUSING. APPROXIMATELY 142,000 FAMILIES, OR JUST UNDER 40 PERCENT, LIVE IN AIR FORCE OWNED OR LEASED UNITS. THE BALANCE OF THE FAMILIES LIVE IN THE COMMUNITIES SURROUNDING OUR INSTALLATIONS.

THE REQUIREMENT FOR ADEQUATE FAMILY HOUSING HAS NEVER BEEN GREATER. OUR AVERAGE FAMILY HOUSING OCCUPANTS ARE THE FAMILIES OF JUNIOR SERGEANTS AND CAPTAINS. THESE YOUNG SERVICE MEMBERS HAVE JUST REACHED THE POINT IN THEIR CAREERS WHERE THEY ARE FULLY TRAINED TO PERFORM IN THEIR CHOSEN SPECIALTIES. WHILE THESE SKILLED AIRCRAFT TECHNICIANS OR AIRCREW MEMBERS PROBABLY MADE THE DECISION TO ENTER THE SERVICE, THEIR FAMILIES WILL BE THE ONES DECIDING WHETHER TO STAY. THE PLACE WHERE THESE FAMILIES LIVE, WHETHER IT IS IN THE LOCAL COMMUNITY OR ON BASE, STRONGLY INFLUENCES THIS IMPORTANT CAREER DECISION. WE SIMPLY MUST PROVIDE FOR OUR FAMILIES IF WE ARE TO RETAIN OUR SKILLED FORCE. WE CANNOT AFFORD TO PAY THE TRAINING BILLS FOR REPLACEMENTS IF THESE YOUNG FAMILIES DECIDE TO LEAVE THE AIR FORCE TO FIND A BETTER FAMILY LIFE IN THE PRIVATE SECTOR.

MILITARY FAMILY HOUSING HIGHLIGHTS

THE MILITARY FAMILY HOUSING REQUEST TOTALS $927 MILLION IN

FISCAL YEAR 1988 AND $958 MILLION IN FISCAL YEAR 1989. OF THE AMOUNT IN FISCAL YEAR 1988, $223 MILLION IS FOR NEW CONSTRUCTION, IMPROVEMENTS, AND PLANNING AND DESIGN; $625 MILLION IS FOR OPERATIONS, UTILITIES, AND MAINTENANCE; $77 MILLION IS REQUIRED TO SUPPORT LEASING COSTS; AND $2 MILLION IS NEEDED FOR PAYMENTS ON CAPEHART AND WHERRY MORTGAGES. FOR FISCAL YEAR 1989, $202 MILLION IS FOR NEW CONSTRUCTION, IMPROVEMENTS, AND PLANNING AND DESIGN; $648 MILLION IS FOR OPERATIONS, UTILITIES, AND MAINTENANCE; AND $108 MILLION IS FOR LEASING.

THIS BALANCED PROGRAM IS DEDICATED TO MEETING NEW MISSION REQUIREMENTS FOR ADDITIONAL HOUSING UNITS, SATISFYING CURRENT DEFICIENCIES, PROVIDING IMPROVEMENTS TO EXISTING UNITS, AND KEEPING PACE WITH THE DEFERRED MAINTENANCE AND REPAIR NEEDED TO KEEP OUR 30-YEAR OLD INVENTORY AT ADEQUATE STANDARDS.

NEW CONSTRUCTION

IN SOME CASES, AVAILABLE OFF-BASE HOUSING IS INADEQUATE TO MEET THE NEEDS OF AIR FORCE FAMILIES. THE ANNUAL HOUSING SURVEY REVEALS A PROJECTED NET DEFICIT, WORLDWIDE, OF 34,000 UNITS. WHILE APPROXIMATELY 10 PERCENT OF THIS TOTAL SUPPORTS NEW MISSIONS, THE BALANCE INDICATES THAT MANY AIR FORCE FAMILIES LIVING IN THE LOCAL ECONOMY ARE NOT ADEQUATELY HOUSED DUE TO CONDITION, DISTANCE OR COST. ONE OF OUR APPROACHES TO SOLVING THIS PROBLEM IS THROUGH NEW CONSTRUCTION. OUR FISCAL YEAR 1988 REQUEST IS FOR $62 MILLION AND OUR 1989 REQUEST FOR $22 MILLION. FISCAL YEAR 1988 INCLUDES HOUSING TO BE CONSTRUCTED BY THE AIR FORCE TO MEET NEW MISSION REQUIREMENTS AT HOLBROOK, ARIZONA, AND WOENSDRECHT, THE NETHERLANDS. WE WILL ALSO CONSTRUCT A HOUSING MANAGEMENT OFFICE FACILITY AT RAF BENTWATERS, UNITED KINGDOM. IN ADDITION, THERE ARE PROJECTS IN BOTH YEARS AT CLARK AIR BASE, REPUBLIC OF THE PHILIPPINES, TO SOLVE ONE OF OUR GREATEST DEFICIENCIES IN PROVIDING ADEQUATE HOUSING FOR AIR FORCE FAMILIES.

IMPROVEMENTS

THERE ARE PROBLEMS WHICH WE NEED TO SOLVE TO INSURE THAT OUR FAMILIES KEEP MAKING THE DECISION TO STAY "AIR FORCE". FIRST OF ALL, OUR INVENTORY OF 142,000 AIR FORCE UNITS IS NOW OVER 30 YEARS OLD. HOUSES ARE CONSIDERED OLD WHEN THEY ARE 15 YEARS OLD. THESE UNITS SIMPLY DO NOT PROVIDE THE FEATURES AND AMENITIES FOUND IN HOUSING IN THE LOCAL COMMUNITY. TO MEET OUR REQUIREMENTS AS LANDLORDS AND THE EXPECTATIONS OF OUR OCCUPANTS, "WHOLE HOUSE" REVITALIZATION IS NEEDED IN OVER 80,000 UNITS. THIS EFFORT IS SUPPORTED THROUGH THE HIGHEST ECHELON OF THE AIR FORCE, AND THE FISCAL YEARS 1988 AND 1989 REQUESTS PROVIDE AN INCREASE IN FUNDING TO ACCELERATE THIS INITIATIVE. AT PAST LEVELS OF FUNDING, IT WOULD HAVE TAKEN OVER 30 YEARS TO COMPLETE THIS REVITALIZATION EFFORT. THE 1988 AND 1989 REQUESTS MOVE THE TIMELINE TO 24 YEARS, AND WE PLAN TO INCREASE THE INTENSITY OF THIS EFFORT TO SOLVE THE PROBLEM IN 15 YEARS.

OUR WHOLE HOUSE REVITALIZATION PROGRAM UPDATES WORN OUT BATHROOMS AND KITCHENS, REPLACES OBSOLETE UTILITY AND STRUCTURAL SYSTEMS, PROVIDES ADDITIONAL LIVING SPACE, AND BRINGS THE UNITS UP TO COMPARABLE PRIVATE-SECTOR STANDARDS. AS WAS DONE IN FISCAL YEAR 1987, TO HELP RESOLVE DIFFICULTIES IN EXECUTING OUR PROGRAM, FISCAL YEAR 1988'S REQUEST IS FOR A "PROGRAM AND A HALF." WE ARE SEEKING, IN FISCAL YEAR 1988, AUTHORIZATION TOTALING $232 MILLION IN IMPROVEMENT PROJECTS AND AN APPROPRIATION OF $154.5 MILLION AND, IN FISCAL YEAR 1989, AUTHORIZATION AND APPROPRIATION TOTALING $173.3 MILLION. IN PAST YEARS, WHEN PROJECTS COULD NOT BE AWARDED DUE TO HIGH BIDS, OR ANY NUMBER OF REASONS, FUNDS COULD NOT BE OBLIGATED. THE PROGRAM AND A HALF PROVIDES FOR ADVANCE CONGRESSIONAL REVIEW OF ALTERNATIVE PROJECTS THAT WOULD BE SUBSTITUTED WHEN THE PRIMARY PROJECTS COULD NOT BE EXECUTED. PROJECTS IN FISCAL YEAR 1988 THAT ARE NOT SUBSTITUTED WILL GO TO THE TOP OF THE LIST IN THE FISCAL YEAR 1989 PROGRAM. IN ADDITION TO THE PROGRAM AND A HALF

SUBMITTAL, OUR DESIGN PROGRAM PREPARES THESE IMPROVEMENT PROJECTS FOR AWARD IN THE YEAR APPROPRIATED.

OPERATIONS, UTILITIES, AND MAINTENANCE

THE FISCAL YEAR 1988 REQUEST FOR OPERATIONS, UTILITIES, AND MAINTENANCE FUNDING IS $625 MILLION AND FOR FISCAL YEAR 1989 $648 MILLION. THIS FUNDING SUPPORTS THE EXISTING HOUSING INVENTORY AT 150 INSTALLATIONS. THESE 142,000 UNITS HAVE A REPLACEMENT VALUE OF OVER $11 BILLION. WHILE OUR WHOLE HOUSE REVITALIZATION PROGRAM WILL BREATHE NEW LIFE INTO MANY OF THESE HOUSES, MAINTENANCE AND REPAIR OF THE UNITS ARE NEEDED TO KEEP THE "DOORS OPEN" AND PROTECT OUR PAST INVESTMENT. WE MUST ALSO MEET OUR OBLIGATIONS IN THE "MUST PAY" UTILITIES AND OPERATIONS ACCOUNTS.

LEASING

FOR LEASING, THE FISCAL YEAR 1988 REQUEST IS $76.8 MILLION AND FOR FISCAL YEAR 1989 $107.5 MILLION. THIS REQUEST REPRESENTS THE NUMBER OF UNITS INCLUDED IN BOTH DOMESTIC AND OVERSEAS BUILD-LEASE PROJECTS. WE ARE IN THE PROCESS OF USING THE FULL AUTHORIZATIONS GRANTED BY THE CONGRESS IN PRIOR YEARS FOR SECTION 801, BUILD-LEASE, AND SECTION 802, RENTAL GUARANTEE. WE ARE ALSO REQUESTING 2,100 ADDITIONAL SECTION 801 AUTHORIZATIONS IN THIS TWO YEAR BUDGET REQUEST. THREE HUNDRED UNITS ARE NOW OCCUPIED AT EIELSON AIR FORCE BASE, ALASKA, THE SITE OF OUR FIRST SECTION 801 PROJECT. OVER FIFTEEN HUNDRED UNITS OVERSEAS AS WELL AS 363 UNITS AT HANSCOM FIELD, MASSACHUSETTS, AND GOODFELLOW AIR FORCE BASE, TEXAS WILL BE COMPLETED DURING FISCAL YEARS 1987 AND 1988. HANSCOM SHOULD BE DONE IN FISCAL YEAR 1987. AN ADDITIONAL FIFTEEN HUNDRED UNITS OVERSEAS AND FOURTEEN HUNDRED UNITS IN THE CONUS ARE EXPECTED TO BE AVAILABLE IN FISCAL YEAR 1989. A TOTAL OF 4,163 LEASES IN THE UNITED STATES ARE REQUESTED AND INCLUDE THE TWO TEST LOCATIONS AT EIELSON AIR FORCE BASE AND HANSCOM AIR FORCE BASE AS WELL AS AN

ADDITIONAL SIXTEEN HUNDRED UNITS AUTHORIZED BY CONGRESS AS AN EXTENSION OF THE SECTION 801 TEST IN FISCAL YEARS 1986 AND 1987. OF THE 4,163 LEASES, THE REMAINING 2,100 UNITS ARE FOR AUTHORIZATION ONLY AND NO FUNDS ARE REQUESTED FOR THESE UNITS IN THIS YEAR'S REQUEST SINCE CONSTRUCTION IS NOT ANTICIPATED TO START PRIOR TO FISCAL YEAR 1989. THE AIR FORCE HAS RECEIVED ONLY ONE PROPOSAL FOR 300 UNITS OF SECTION 802, CONUS RENTAL GUARANTEE HOUSING, AT NORTON AIR FORCE BASE, CALIFORNIA. THIS PROPOSAL WAS AWARDED IN FISCAL YEAR 1986. AS A NEW INITIATIVE, WE PLAN TO USE 10 U.S.C. SECTION 2667 AUTHORITY WITH THIRD PARTY FINANCING OF HOUSING UNITS AT TWO INSTALLATIONS.

A TOTAL OF 9,201 FOREIGN LEASES ARE REQUESTED FOR OVERSEAS LOCATIONS. NEW LEASED HOUSING UNITS PREVIOUSLY PROVIDED UNDER THIS PROGRAM WILL BE COMING INTO THE INVENTORY VERY RAPIDLY BY FISCAL YEAR 1988. OUR OVERSEAS LEASING PROGRAM CONTINUES TO HELP SATISFY OUR HOUSING REQUIREMENTS IN FOREIGN COUNTRIES. WHILE NO NEW AUTHORIZATIONS ARE REQUESTED ABOVE LAST YEAR'S LEVEL, OUR BUDGET REQUESTS RECOGNIZE THE EXECUTION OF LEASES PREVIOUSLY AUTHORIZED.

IN SUMMARY, OUR GREATEST FACILITY NEEDS ARE FAMILY HOUSING. THERE ARE TOO MANY AIR FORCE FAMILIES LIVING IN INADEQUATE UNITS. WE MUST PROVIDE THE SAME LIVABILITY IN OUR HOUSES AS FOUND IN THE LOCAL COMMUNITY. WE REQUEST YOUR FULL AUTHORIZATION OF THE MILITARY FAMILY HOUSING PROGRAM AS SUBMITTED SO THAT WE CAN PROVIDE THE QUALITY OF LIFE FOR AIR FORCE FAMILIES NECESSARY TO RETAIN A QUALITY FORCE.

MILITARY CONSTRUCTION PROGRAM

OUR REQUEST CONTAINS PROJECTS FOR STRATEGIC AND CONVENTIONAL FORCE MODERNIZATION AS WELL AS THE REQUIREMENT TO CONTINUE THE REVITALIZATION OF OUR $128 BILLION PHYSICAL PLANT. WEAPONS

PROGRAMS SUCH AS PEACEKEEPER, GLCM AND THE B-1B CONTINUE TO RECEIVE THE SUPPORT OF THE CONGRESS ALLOWING US TO MAINTAIN A STRONG DEFENSE. UNFORTUNATELY, A CONSTRAINED BUDGET ENVIRONMENT, IN CONJUNCTION WITH LARGE BEDDOWN FACILITY COSTS, CAUSE A STEEP DECLINE IN MONEY AVAILABLE FOR REVITALIZING THE AIR FORCE'S EXISTING PHYSICAL PLANT. AT THE CURRENT RATE OF MILITARY CONSTRUCTION INVESTMENT, WE ARE REVITALIZING OUR AGING PHYSICAL PLANT ON A REPLACEMENT CYCLE IN EXCESS OF 100 YEARS. THIS IS INADEQUATE BY ANY MEASURE. THE REVITALIZATION BILL WE DON'T PAY TODAY WILL HAVE TO BE PAID LATER.

SINCE FISCAL YEAR 1982, CONGRESSIONAL FUNDING FOR OUR MILITARY CONSTRUCTION PROGRAM HAS BEEN ESSENTIALLY FIXED NEAR $1.5 BILLION. BECAUSE OF THE NEED TO FULLY FUND THE NEW WEAPONS SYSTEMS CONSTRUCTION REQUIREMENTS, OUR REVITALIZATION CONSTRUCTION PROGRAM, CONSTRUCTION THAT MAINTAINS THE EXISTING PHYSICAL PLANT, HAS SUSTAINED THE MAJORITY OF REDUCTIONS. IT IS OUR PROFESSIONAL JUDGMENT THAT A STEADY LEVEL OF CAPITAL INVESTMENT MUST BE MADE IN THE REVITALIZATION CONSTRUCTION PROGRAM TO PREVENT ACCELERATED DETERIORATION OF THE PHYSICAL PLANT, DEGRADATION OF LIVING AND WORKING CONDITIONS, AND LOSSES IN OUR QUALITY FORCE. ADEQUATE FUNDING BETWEEN FISCAL YEARS 1983 AND 1986 ALLOWED US TO EFFECTIVELY ADDRESS OUR REVITALIZATION NEEDS, THUS SLOWING THIS TREND OF DETERIORATION, AND ALLOWING US TO ADEQUATELY CARE FOR OUR FACILITY INFRASTRUCTURE. THE 1988 AND 1989 REQUESTS BEGIN TO BUILD TOWARD THE SAME LEVELS OF INVESTMENT MADE UP UNTIL FISCAL YEAR 1987. WE PROPOSE THAT FUTURE LEVELS FOR REVITALIZATION CONSTRUCTION BE STABILIZED AND THAT NEW SYSTEMS CONSTRUCTION RISE AND FALL BASED ON THOSE PROGRAMS AND DEPLOYMENTS APPROVED BY THE CONGRESS. THE TOPLINE OF OUR TOTAL PROGRAM WOULD THEREFORE FLUCTUATE WHILE THE REVITALIZATION PORTION OF THE REQUEST, WHEN ADEQUATELY FUNDED, WOULD GROW ONLY BY INFLATION. A STABILIZED REVITALIZATION PROGRAM ALLOWS US TO BETTER PLAN AND PROGRAM THE UPGRADING AND REPLACEMENT OF OUR PHYSICAL PLANT AND REDUCES THE

TURMOIL ASSOCIATED WITH THE MILITARY CONSTRUCTION PROGRAM. A CONSISTENT LEVEL OF REVITALIZATION FUNDING ALLOWS OUR COMMANDERS TO BETTER PLAN THEIR FACILITY NEEDS WITH CONFIDENCE THAT THE FUNDING LEVELS WILL REMAIN RELATIVELY STABLE. WE MUST NOT CONTINUE TO RAISE AND THEN DASH THE EXPECTATIONS OF OUR PEOPLE. WE BELIEVE THAT THIS INVESTMENT STRATEGY WILL DEMONSTRATE TO THE AMERICAN TAXPAYER OUR COMMITMENT TO PROPERLY CARE FOR THE PHYSICAL PLANT THEY HAVE PROVIDED US. WITH YOUR PERMISSION I WILL NOW HIGHLIGHT THE REVITALIZATION AND NEW WEAPONS SYSTEMS MILITARY CONSTRUCTION PROGRAMS FOR FISCAL YEARS 1988 AND 1989.

REVITALIZATION CONSTRUCTION

IN SPITE OF RECENT BUDGET CONSTRAINTS, YOU HAVE SUPPORTED OUR EFFORTS TO PROVIDE THE FACILITIES NEEDED TO RETAIN A HIGHLY-TRAINED AND MOTIVATED FORCE. AS YOU ARE WELL AWARE, THE COST TO TRAIN AN AIRCRAFT TECHNICIAN OR A FIGHTER PILOT RANGES FROM A QUARTER OF A MILLION TO FOUR MILLION DOLLARS. THEIR LOSS IS COSTLY. IN MANY INSTANCES THESE LOSSES COULD HAVE BEEN AVOIDED IF WE HAD PROVIDED MODERN LIVING AND WORKING CONDITIONS. THE STABILIZED FUNDING LEVEL WE PROPOSED EARLIER WILL PROVIDE NEW AND REVITALIZED FACILITIES SUCH AS DORMITORIES, DINING HALLS, PHYSICAL FITNESS CENTERS, MAINTENANCE SHOPS, SQUADRON OPERATIONS FACILITIES, TRAINING FACILITIES, AND ADMINISTRATIVE OFFICE SPACE. ADDITIONALLY, THESE EFFORTS WILL HELP US RETAIN A MOTIVATED AND PROFESSIONAL FORCE.

FOR FISCAL YEAR 1987 CONGRESS APPROPRIATED $627 MILLION FOR REVITALIZATION CONSTRUCTION. FOR FISCAL YEARS 1988 AND 1989, WE ARE REQUESTING $729 AND $731 MILLION RESPECTIVELY.

WITHIN REVITALIZATION CONSTRUCTION WE HAVE QUALITY OF LIFE PROJECTS SUCH AS DORMITORIES, DINING HALLS, GYMNASIUMS AND EDUCATION CENTERS THAT IMPROVE THE LIVING CONDITIONS OF OUR PEOPLE. IN FISCAL YEAR 1987 WE REQUESTED $222 MILLION FOR

THESE FACILITIES. IN FISCAL YEARS 1988 AND 1989 WE ARE REQUESTING $205 MILLION AND $188 MILLION RESPECTIVELY.

OUR DORMITORY IMPROVEMENT PROGRAM IS AN IMPORTANT ELEMENT OF OUR PROGRAM AND ACCOUNTS FOR 24 PERCENT AND 20 PERCENT OF THE REVITALIZATION CONSTRUCTION REQUEST IN FISCAL YEARS 1988 AND 1989 RESPECTIVELY.

OVER THE NEXT TWO FISCAL YEARS WE ARE ASKING FOR $174 MILLION AND $143 MILLION RESPECTIVELY.

OUR DORMITORY IMPROVEMENT PROGRAM REPRESENTS APPROXIMATELY 85 PERCENT AND 76 PERCENT OF OUR QUALITY OF LIFE PROGRAM IN FISCAL YEARS 1988 AND 1989 RESPECTIVELY. IN ADDITION WE ARE REQUESTING AUTHORIZATION FOR PROJECTS SUCH AS DINING HALLS, PHYSICAL FITNESS CENTERS, CHILD CARE CENTERS, RECREATION CENTERS, LIBRARIES AND RELIGIOUS EDUCATION FACILITIES. THESE FACILITIES TOTAL $31 MILLION FOR FISCAL YEAR 1988 AND $44 MILLION FOR FISCAL YEAR 1989.

THE QUALITY OF LIFE FACILITIES PACKAGE ACCOUNTS FOR LESS THEN 14 PERCENT AND 10 PERCENT OF OUR TOTAL MILITARY CONSTRUCTION PROGRAM IN FISCAL YEARS 1988 AND 1989 RESPECTIVELY BUT PLAYS A MUCH BIGGER ROLE. THESE FACILITIES ARE AN INVESTMENT IN OUR PEOPLE AND MUST BE PROVIDED.

AT THIS POINT I WOULD LIKE TO MENTION TWO AIR FORCE BASES THAT WILL REQUIRE A SIGNIFICANT INVESTMENT TO REVITALIZE A DETERIORATED INFRASTRUCTURE. THESE TWO BASES ARE SHEMYA AIR FORCE BASE, ALASKA, AND CLARK AIR BASE, REPUBLIC OF THE PHILIPPINES.

SHEMYA AIR FORCE BASE, ALASKA

SHEMYA AIR FORCE BASE IS STRATEGICALLY LOCATED AT THE END OF THE ALEUTIAN ISLAND CHAIN. THIS BASE IS CRITICAL FOR MONITORING COMPLIANCE WITH ARMS CONTROL TREATIES. THE LARGE INVESTMENT IN SOPHISTICATED SYSTEMS MUST BE SUPPORTED BY AN ADEQUATE FACILITY INFRASTRUCTURE. NEARLY 60 PERCENT OF ALL

FACILITIES ARE MORE THAN 20 YEARS OLD. MANY OF THE FACILITIES ARE SO BADLY DETERIORATED THAT THEY ARE NOW UNECONOMICAL TO REPAIR AND MUST BE REPLACED. THE DETERIORATED CONDITION OF OUR FACILITIES IS DUE TO THE EXTREME COLD, HIGH WINDS, RAIN, AND THE CORROSIVE SALT WATER ENVIRONMENT. BECAUSE OF THIS ENVIRONMENT, THE LIFE EXPECTANCY OF FACILITIES IS DRASTICALLY REDUCED.

BEGINNING WITH THE FISCAL YEAR 1984 MILITARY CONSTRUCTION PROGRAM, A CONCERTED EFFORT HAS BEEN UNDERWAY TO UPGRADE AND REPLACE THE PHYSICAL PLANT, THUS ASSURING CONTINUED SUPPORT OF CRITICAL MISSIONS. OUR 1988 AND 1989 REQUESTS FOR APPROPRIATION ARE $38.4 MILLION AND $23.3 MILLION RESPECTIVELY. WHILE THIS SEEMS LIKE A SIGNIFICANT INVESTMENT FOR ONE BASE, WE MUST RECOGNIZE THAT THE COST OF CONSTRUCTION AT SHEMYA AIR FORCE BASE IS APPROXIMATELY FOUR TIMES MORE EXPENSIVE THAN FOR SIMILAR FACILITIES IN THE WASHINGTON D.C. AREA.

CLARK AIR BASE, REPUBLIC OF THE PHILIPPINES

CLARK AIR BASE IS ESSENTIAL TO THIS NATION'S FORWARD DEPLOYMENT STRATEGY AND DEFENSE OF THE SOUTHERN AND WESTERN PACIFIC. OUR TACTICAL FIGHTER OPERATIONS GIVE DAILY VISIBLE EVIDENCE OF OUR RESOLVE TO PROTECT UNITED STATES INTERESTS AND SUPPORT OUR DEFENSE TREATY WITH THE REPUBLIC OF THE PHILIPPINES.

FACILITY IMPROVEMENT FUNDING HAS BEEN THE VICTIM OF UNCERTAINTY OVER BASE NEGOTIATIONS AND OUR CONTINUED PRESENCE. BECAUSE OF THIS UNCERTAINTY, MUCH NEEDED FACILITY REVITALIZATION HAS BEEN DELAYED TO THE POINT THAT THERE IS A SIGNIFICANT BACKLOG. FOR FISCAL YEARS 1988 AND 1989 OUR REQUESTS FOR APPROPRIATION IN REVITALIZATION CONSTRUCTION IS $17.4 MILLION AND $17.5 MILLION RESPECTIVELY. OUR TOTAL MILITARY CONSTRUCTION REQUEST, EXCLUDING FAMILY HOUSING, IS

$26.4 MILLION AND $30.3 MILLION RESPECTIVELY FOR FISCAL YEARS 1988 AND 1989.

REAL PROPERTY MAINTENANCE (RPM) PROGRAM

ALTHOUGH NOT A PART OF OUR MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAM REQUEST, THE RPM PROGRAM PLAYS A VITAL ROLE IN SUSTAINING OUR BASE INFRASTRUCTURE WORLD WIDE. THE MAJORITY OF THE RPM RESOURCES ARE USED FOR DAY-TO-DAY ACTIVITIES SUCH AS RECURRING MAINTENANCE AND MINOR REPAIR. THESE COSTS ARE ESSENTIALLY FIXED AND ARE OBLIGATED ON ITEMS SUCH AS PERSONNEL, SUPPLIES AND EQUIPMENT. THE REMAINING FUNDS ARE DEVOTED TO CONTRACTED FACILITY PROJECTS TO IMPROVE, PRESERVE, AND EXTEND THE USEFUL LIFE OF THE PHYSICAL PLANT.

THE AIR FORCE HAS A SPECIAL INTEREST IN RPM BECAUSE OUR INSTALLATIONS ARE THE LAUNCH AND RECOVERY PLATFORMS FOR OUR WEAPON SYSTEMS. FOR THIS REASON, AIR FORCE READINESS AND SUSTAINABILITY ARE HIGHLY DEPENDENT ON THE CONDITION OF OUR INSTALLATIONS AND THEIR ASSOCIATED FACILITIES. ALSO, THE RPM PROGRAM PLAYS AN IMPORTANT ROLE IN MAINTAINING ADEQUATE FACILITIES WHERE OUR PEOPLE LIVE AND WORK, THEREBY HELPING TO RETAIN A PROFESSIONAL FORCE.

THE COST OF MAINTAINING AND ADAPTING THE PHYSICAL PLANT TO MEET CURRENT REQUIREMENTS CONTINUES TO INCREASE. AIR FORCE FACILITIES AVERAGE APPROXIMATELY 30 YEARS OF AGE AND AS INDICATED EARLIER HAVE A REPLACEMENT VALUE OF $128 BILLION. AS THE PHYSICAL PLANT CONTINUES TO AGE, NEW MAINTENANCE AND REPAIR REQUIREMENTS ACCRUE. FURTHER, NEW SAFETY, FIRE PROTECTION, ENVIRONMENTAL, AND OTHER PUBLIC WELFARE STANDARDS HAVE BEEN ADOPTED SINCE MANY OF OUR BUILDINGS WERE CONSTRUCTED. THIS GENERATES ADDITIONAL WORK REQUIREMENTS. A PROPERLY FUNDED RPM PROGRAM IS ESSENTIAL FOR SATISFYING THESE NEEDS AND THEREBY ADEQUATELY SUPPORTING THE AIR FORCE MISSION.

WEAPONS SYSTEM CONSTRUCTION PROGRAM

OVER THE PAST SIX YEARS, OUR CONSTRUCTION PROGRAM HAS SUPPORTED A BROAD RANGE OF INITIATIVES AIMED AT CORRECTING SERIOUS SHORTCOMINGS IN FORCE STRUCTURE, STRATEGIC MODERNIZATION, AND READINESS AND SUSTAINABILITY. MAINTAINING THIS MOMENTUM IS NECESSARY IF WE ARE TO MEET CONTINUING THREATS TO OUR NATIONAL SECURITY. THE FISCAL YEAR 1988 AND 1989 REQUESTS FOR APPROPRIATION CONTINUE OUR PROGRAMS WHICH ARE ESSENTIAL TO DETERRENCE.

GROUND LAUNCH CRUISE MISSILE (GLCM)

SINCE OUR FIRST REQUEST IN FISCAL YEAR 1981, YOU HAVE SUPPORTED OUR REQUESTS FOR GROUND LAUNCH CRUISE MISSILE CONSTRUCTION. YOUR SUPPORT HAS BEEN ESSENTIAL IN MEETING THIS NATION'S COMMITMENT TO NATO. HOWEVER, OF MAJOR CONCERN TO THE AIR FORCE AND AN ISSUE THAT GENERATES A GREAT DEAL OF DISCUSSION HAS TO DO WITH THE FUNDING SOURCE FOR "MORALE, WELFARE, AND RECREATION (MWR) ACTIVITIES" AT OUR GLCM BASES. WE CAN NOT EMPHASIZE ENOUGH THE VITAL ROLE THAT MWR FACILITIES HAVE IN TODAY'S AIR FORCE AND ESPECIALLY IN OVERSEAS LOCATIONS. MISSION ACCOMPLISHMENT AND FORCE READINESS ARE TIED TO THE WELL BEING OF OUR PERSONNEL. THE MWR FACILITIES HELP CREATE THIS SENSE OF WELL BEING. WE AGAIN ASK YOUR SUPPORT FOR A PROGRAM THAT PLAYS AN ESSENTIAL ROLE IN MAINTAINING A HIGH STATE OF MORALE AND READINESS FOR OUR MILITARY PERSONNEL.

FOR FISCAL YEAR 1988 WE ARE REQUESTING APPROPRIATION OF $41.8 MILLION FOR MISSION AND COMMUNITY SUPPORT FACILITIES. ADDITIONALLY, OUR REQUEST CONTAINS $35.5 MILLION FOR MILITARY FAMILY HOUSING CONSTRUCTION AND $10.6 MILLION FOR THE LEASING OF FAMILY HOUSING UNITS.

IN FISCAL YEAR 1989 WE ARE NOT REQUESTING ANY MILITARY CONSTRUCTION OR FAMILY HOUSING AUTHORIZATION. HOWEVER, OUR

REQUEST DOES CONTAIN $13.4 MILLION FOR THE LEASING OF FAMILY HOUSING UNITS. WE INTEND TO LEASE 250 UNITS AT FLORENNES AB, BELGIUM; 460 UNITS AT COMISO AB, ITALY; AND 300 UNITS AT MOLESWORTH, UNITED KINGDOM.

B-1B BOMBER

IN OCTOBER 1981, AS PART OF HIS STRATEGIC MODERNIZATION PROGRAM, THE PRESIDENT MADE THE DECISION TO ACQUIRE THE B-1B BOMBER TO PARTIALLY REPLACE THE AGING B-52 BOMBER FLEET. SINCE OUR INITIAL MILITARY CONSTRUCTION REQUEST FOR SUPPORT FACILITIES AT DYESS AIR FORCE BASE, TEXAS, IN FISCAL YEAR 1984, THE CONGRESS HAS PROVIDED APPROXIMATELY $366 MILLION.

THE APPROPRIATION REQUEST BEFORE YOU WILL COMPLETE THE B-1B BEDDOWN AT ITS FOUR LOCATIONS. FOR FISCAL YEAR 1988 WE ARE REQUESTING AUTHORIZATION OF $3.6 MILLION FOR FACILITIES AT DYESS AIR FORCE BASE. FOR FISCAL YEAR 1989 WE ARE REQUESTING $9.2 MILLION FOR FACILITIES AT ALL FOUR BASE LOCATIONS.

PEACEKEEPER

IN APRIL 1983, PARTIALLY FULFILLING THE NEED TO MODERNIZE OUR ICBM FORCES, THE PRESIDENT ANNOUNCED THE DEPLOYMENT OF PEACEKEEPER MISSILES IN EXISTING MINUTEMAN SILOS. AT THE DIRECTION OF CONGRESS, DEPLOYMENT OF PEACEKEEPER MISSILES WAS REDUCED FROM 100 TO 50 MISSILES. IN DECEMBER 1986, THE PRESIDENT DIRECTED THE DEVELOPMENT OF THE RAIL GARRISON MODE OF DEPLOYMENT FOR THE SECOND 50 PEACEKEEPER MISSILES. THIS MODE ENVISIONS PLACING MISSILES ON RAILCARS AND KEPT ON ACTIVE AIR FORCE BASES IN PEACETIME. THE MISSILES WOULD MOVE OVER THE NATIONAL RAIL NETWORK DURING TIMES OF NATIONAL NEED.

PEACEKEEPER IN MINUTEMAN SILOS - FOR FISCAL YEARS 1988 AND 1989 WE ARE REQUESTING APPROPRIATION OF $9.4 MILLION AND $6.5 MILLION RESPECTIVELY FOR DEPOT FACILITIES AT HILL AIR

FORCE BASE, UTAH. ADDITIONAL CONSTRUCTION IN FISCAL YEAR 1990 AND 1991 WILL VIRTUALLY COMPLETE OUR CONSTRUCTION EFFORTS IN SUPPORT OF THE FIRST 50 MISSILES.

RAIL GARRISON - FOR FISCAL YEAR 1988 WE ARE REQUESTING APPROPRIATION FOR $3.5 MILLION FOR FACILITY DESIGN EFFORTS. FOR FISCAL YEAR 1989 WE ARE REQUESTING $43.3 MILLION FOR F.E. WARREN AIR FORCE BASE, WYOMING, AND $13.2 MILLION FOR SUPPORT FACILITY DESIGN. THIS REQUEST WILL ALLOW US TO ACHIEVE AN INITIAL OPERATING CAPABILITY BY DECEMBER 1991. IF THE CONGRESS AGREES TO THE RAIL GARRISON MODE OF DEPLOYMENT FOR THE SECOND 50 PEACEKEEPER MISSILES, ADDITIONAL FACILITIES WILL BE REQUIRED AT LOCATIONS YET TO BE DETERMINED.

CRUISE MISSILE

THE CRUISE MISSILE IS A KEY ELEMENT IN THE BOMBER LEG OF THE TRIAD. IT REDUCES EXPOSURE OF OUR BOMBER FORCE TO ENEMY DEFENSES, AND ALLOWS FOR SATURATION OF THE TARGET AREA. CONSTRUCTION TO SUPPORT THE DEPLOYMENT BEGAN IN FISCAL YEAR 1980 AT GRIFFISS AIR FORCE BASE, NEW YORK. SINCE THEN, THE CONGRESS HAS PROVIDED $305.3 MILLION IN CONSTRUCTION FUNDS.

WE HAVE NO CONSTRUCTION REQUIREMENTS FOR FISCAL YEAR 1988. FOR FISCAL YEAR 1989 WE ARE REQUESTING APPROPRIATION OF $15.2 MILLION FOR SUPPORT FACILITIES AT FAIRCHILD AIR FORCE BASE, WASHINGTON, AND AT A CLASSIFIED LOCATION.

OVER THE HORIZON-BACKSCATTER RADAR (OTH-B)

THIS RADAR SYSTEM IMPROVES EARLY WARNING AND ATTACK ASSESSMENT FOR THE ATMOSPHERIC THREAT. IT DETECTS AIRCRAFT AND BALLISTIC MISSILES FROM 500 TO 1,800 MILES. THE SYSTEM INCLUDES FOUR RADARS LOCATED ON THE EAST AND WEST COASTS, IN THE CENTRAL PART OF THE COUNTRY, AND IN ALASKA. IN FISCAL YEARS 1983 AND 1984, THE CONGRESS APPROVED CONSTRUCTION FOR

THE EAST COAST SYSTEM AT BANGOR, MAINE. IN FISCAL YEARS 1986 AND 1987 CONSTRUCTION WAS APPROVED FOR TWO OF THE THREE SECTORS LOCATED IN CALIFORNIA, IDAHO, AND OREGON.

FOR FISCAL YEAR 1988 WE ARE REQUESTING APPROPRIATION OF $23.3 MILLION FOR CONSTRUCTION OF FACILITIES AND LAND ACQUISITION IN ALASKA, LAND ACQUISITION FOR THE CENTRAL SYSTEM, AND A PHYSICAL FITNESS FACILITY AT BANGOR, MAINE. FOR FISCAL YEAR 1989 WE ARE REQUESTING AUTHORIZATION OF $68.7 MILLION FOR CONSTRUCTION OF FACILITIES IN ALASKA AND AT GRAND FORKS AIR FORCE BASE, NORTH DAKOTA.

ANTI-SATELLITE SYSTEM FACILITIES (ASAT)

IN FISCAL YEAR 1985 CONSTRUCTION FOR ASAT SUPPORT FACILITIES AT LANGLEY AIR FORCE BASE, VIRGINIA WAS AUTHORIZED. REQUESTS FOR APPROPRIATIONS IN FISCAL YEARS 1985 AND 1986 WERE DENIED. IN FISCAL YEAR 1987 OUR REQUEST FOR AUTHORIZATION AND APPROPRIATIONS WERE DENIED.

THIS YEAR'S PROGRAM REQUESTS APPROPRIATION OF $16 MILLION FOR FACILITIES AT LANGLEY AIR FORCE BASE, VIRGINIA.

KC-135R REBASING BEDDOWN

KC-135 AIRCRAFT ARE REQUIRED TO SUPPORT AIR REFUELING REQUIREMENTS FOR STRATEGIC AIRLIFT AND COMBAT AIRCRAFT. THE INTRODUCTION INTO THE INVENTORY OF THE B-1B BOMBER AND REDISTRIBUTION OF THE B-52G AND B-52H THROUGHOUT STRATEGIC AIR COMMAND REQUIRE THE REALIGNMENT OF AVAILABLE KC-135 AIRCRAFT. THIS REALIGNMENT WILL PROVIDE ADEQUATE REFUELING SUPPORT TO THE B-52 CRUISE MISSILE CARRIERS. THE INTRODUCTION OF THE KC-135R AIRCRAFT AT MALMSTROM AIR FORCE BASE, MONTANA, REQUIRES CONSTRUCTION OF A BASE INFRASTRUCTURE AND FLIGHTLINE FACILITIES.

IN FISCAL YEAR 1987 THE CONGRESS APPROVED $30 MILLION

FOR CONSTRUCTION TO SUPPORT THE INITIAL BEDDOWN OF 16 KC-135R AIRCRAFT AT MALMSTROM AIR FORCE BASE. FOR FISCAL YEAR 1988 WE ARE REQUESTING APPROPRIATION OF $26 MILLION FOR CONSTRUCTION OF THE REMAINING SUPPORT FACILITIES TO COMPLETE THE BEDDOWN. FOR FISCAL YEAR 1989 OUR REQUEST IS FOR $10.3 MILLION FOR A CLASSIFIED LOCATION.

READINESS AND SUSTAINABILITY IN THE PACIFIC

THE AIR FORCE'S READINESS GOAL IS TO PROVIDE RESOURCES THAT ENABLE OUR FORCES TO PERFORM THOSE MISSIONS FOR WHICH THEY ARE ORGANIZED AND TRAINED. SINCE OUR STRATEGY IS FUNDAMENTALLY DEFENSIVE, WE MUST MAINTAIN A LEVEL OF READINESS AT OR ABOVE THAT OF POTENTIAL AGGRESSORS. ADDITIONALLY, OUR FORCES MUST HAVE THE STAYING POWER TO FIGHT DURING AND BEYOND AN INITIAL PERIOD OF COMBAT. ADEQUATE SUSTAINABILITY RESULTS ONLY WHEN THE SUPPORT INFRASTRUCTURE AS WELL AS THE WAR RESERVE MATERIEL AND INDUSTRIAL BASE CAN SUPPORT THE REQUIREMENTS.

A PROGRAM TO SATISFY FACILITY REQUIREMENTS AS THEY RELATE TO READINESS AND SUSTAINABILITY IN THE PACIFIC IS UNDERWAY; HOWEVER, DEFICIENCIES STILL EXIST IN FUEL STORAGE, AIRCRAFT SHELTERS, AND HARDENED OPERATIONAL AND STORAGE FACILITIES. BEGINNING IN FISCAL YEAR 1979 THROUGH FISCAL YEAR 1987 THE CONGRESS HAS APPROVED 41 READINESS AND SUSTAINABILITY CONSTRUCTION PROJECTS IN THE PACIFIC TOTALING $245.7 MILLION. FOR FISCAL YEARS 1988 AND 1989 WE ARE REQUESTING APPROPRIATION OF $30.2 AND $36.2 MILLION RESPECTIVELY FOR 25 READINESS AND SUSTAINABILITY CONSTRUCTION PROJECTS IN THE PACIFIC. THIS INCLUDES FOUR AIRCRAFT SHELTERS IN EACH YEAR AT CLARK AIR BASE, JET FUEL STORAGE IN BOTH YEARS AT KADENA AIR BASE, OKINAWA, AND IN FISCAL YEAR 1989 AT HICKAM AIR FORCE BASE, HAWAII, AND YOKOTA AIR BASE, JAPAN.

CONCLUSION

MR. CHAIRMAN, OUR FISCAL YEAR 1988 AND FISCAL YEAR 1989 REQUESTS SUPPORT OUR NEW WEAPONS SYSTEMS REQUIREMENTS, THE NEED TO REVITALIZE OUR PHYSICAL PLANT AND TO PROVIDE AND MAINTAIN ADEQUATE FAMILY HOUSING. THIS TWO-YEAR REQUEST IS A COMMITMENT ON THE PART OF THE AIR FORCE LEADERSHIP TO SUPPORT FORCE MODERNIZATION AND IMPROVE READINESS AND SUSTAINABILITY WHILE SIMULTANEOUSLY ADHERING TO A STABLE STRATEGY TO INSURE THAT WE REVITALIZE THE AIR FORCE'S $128 BILLION INFRASTRUCTURE.

IN THE PAST THE CONGRESS HAS PROVIDED THE MILITARY CONSTRUCTION REQUIRED TO SUPPORT NEW WEAPON SYSTEMS AND NEW MISSIONS. FOR THE FUTURE WE ARE ASKING THAT YOU FOCUS WITH US ON THAT PORTION OF OUR MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST THAT UPGRADES AND REVITALIZES OUR EXISTING FACILITIES. THIS REVITALIZATION IMPROVES THE LIVING AND WORKING CONDITIONS OF OUR PEOPLE AND THUS ALLOWS US TO RETAIN A PROFESSIONAL FORCE CAPABLE OF DEFENDING OUR NATIONAL INTERESTS.

MR CHAIRMAN, IN CLOSING WE WOULD LIKE TO REITERATE THAT WE PLACE OUR PEOPLE AND THE PROGRAMS THAT SUPPORT THEM AT THE TOP OF OUR PRIORITY LIST. IF WE ARE TO ATTRACT, RETAIN, AND MOTIVATE QUALITY PEOPLE FOR TOMORROW'S AIR FORCE WE MUST PROVIDE THEM ADEQUATE WORKING AND LIVING CONDITIONS. THE MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS MAKE ESSENTIAL CONTRIBUTIONS TO OUR WARFIGHTING CAPABILITIES.

AS YOU ARE FULLY AWARE, THE MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS OVER THE LAST FIVE YEARS HAS BEEN HELD TO 78 PERCENT OF THE REQUESTED BUDGET COMPARED TO A SUCCESS RATE OF 93 PERCENT FOR THE OTHER AIR FORCE ACCOUNTS. IN FISCAL YEAR 1987 THE COMBINED MILITARY CONSTRUCTION AND FAMILY HOUSING ACCOUNT TOOK THE LARGEST PROPORTIONAL CUT OF ANY AIR FORCE ACCOUNT. SECRETARY ALDRIDGE AND GENERAL WELCH AGREE AND

FULLY SUPPORT THE NEED TO REVERSE PAST TRENDS AND RAISE THE PRIORITY OF THESE PROGRAMS. IN RECENT LETTERS TO THE CONGRESS THEY HAVE EXPRESSED THESE VERY WORDS. WE ASK YOUR PERSONAL SUPPORT TO SUSTAIN OUR REQUEST THROUGH THESE TOUGH BUDGET TIMES.

MR CHAIRMAN, GENERAL ELLIS AND I ARE PREPARED TO ANSWER YOUR QUESTIONS.

STATEMENT OF SENATOR SPECTER

Senator SASSER. Thank you, Mr. McCoy. We have been joined by the distinguished ranking member of this committee, Senator Specter, and I will yield now to Senator Specter for any comments he might wish to make.

Senator SPECTER. Thank you very much, Mr. Chairman. I am delighted to be present. I recognize this as a very important problem. My knowlege of the needs of the Air Force for housing go back perhaps even farther than any in this room, to 1951 when I was a second lieutenant in Olmstead Air Force Base and had to get housing in the adjoining town. So I have some appreciation for what you are up against.

I regret that I will not be able to be here for the entire hearing because of other commitments, but I will be following this subject closely and will be giving the maximum support that I can.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Specter.

STATEMENT OF SENATOR REID

Sentator Reid, do you have an opening comment or statement that you wish to make?

Senator REID. I do, Mr. Chairman, a short statment, and I appreciate, Mr. Chairman, this hearing being held in this timely fashion.

PRIORITIES

The Air Force, like any Government entity, has many valuable and interesting programs which, of course, it would like to pursue. This subcommittee, like any other, would be more than happy to fund all of them, but unfortunately we live in a world of limited resources and have to set priorities.

This year the Air Force, in my opinion, seems to be having trouble setting its priorities. Military construction is one aspect of preparedness, but there are many aspects of preparedness and we must be certain that we put our priorities correctly in allocating our limited resources among those different aspects.

DEACTIVATION OF WING AT NELLIS AIR FORCE BASE

For example, our Air Force structure would be severely damaged, in my opinion, if the programmed deactivation of the 474th at Nellis, the 40 tactical fighter wings, were to actually take place. The Air Force claims that a fleet of 40 tactical fighter wings is desirable. In fact, as the Secretary of the Air Force said when we spoke with him in the past 2 months, the ideal figure is 44. Yet, this deactivation would actually decrease the number of wings to 37.

The ability of the United States, in light of what has been threatened in Spain as far as taking out another tactical fighter wing, to respond in an emergency would be significantly lessened with this decision regarding the 474th. The Air Force indicates that this deactivation is a result of tight budget times and deficit cutting measures. Yet, with all due respect, in looking at the Air Force military construction budget, which, of course, is separate and apart from the 474th, it becomes obvious that the money is available but the Air Force has dangerously skewed its priorities.

While our Air Force structure is being fundamentally altered, it has been reported that the Air Force is gearing up for a $20 billion program to provide for backup energy in the event of a protracted nuclear war. I repeat, a protracted nuclear war. This was reported, among other places, in the New York Times of March 30.

PROGRAMS AT AIR FORCE ACADEMY

Among the other supposedly crucial programs that we are providing for in the midst of our budget crisis is a $6 million addition to the activity center at the Air Force Academy. The addition would include what apparently are essential ballrooms, lounges, theatres, and clubrooms. The Air Force Academy is also budgeted for almost $2 million for an auxiliary airfield. Somehow, I do not understand these priorities.

There are certainly many valuable military construction projects that must be funded, but it is simply a question of priorities. This subcommittee and Congress will be carefully prioritizing as we consider funding for the fiscal year 1988 programs. We must provide first for those programs which we believe are vital to the defense of our country, our national security, and in my opinion, then maybe we can build some ballrooms at the academy.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Reid.

General Ellis, do you have any comments to make at this time.

General ELLIS. I do not have a prepared statement, Senator Sasser.

AIR NATIONAL GUARD

STATEMENT OF BRIG. GEN. JOHN G. McMERTY, DEPUTY DIRECTOR, AIR NATIONAL GUARD

FACILITY REQUIREMENTS

Senator SASSER. General McMerty.

General MCMERTY. Mr. Chairman, we appreciate the kind words in your opening remarks regarding the Air National Guard program. It is my pleasure to appear before you and the other members of your committee with the Air National Guard military construction program request for fiscal years 1988 and 1989.

The facility requirements in this request are essential to support our conversion to more modern weapons systems and to support our growth in new and expanding missions. The unique operational, maintenance, and training facilities in the request are a critical element in achieving and maintaining the high combat readiness of the Air National Guard.

The Air National Guard is able to make a significant contribution to the total defense of the Nation through the strong support we receive from the Department of the Air Force, the Department of Defense, and the Congress. We currently provide a significant portion of the Air Force alert and support missions and will provide more of the Air Force combat capability as we continue to grow and modernize our forces. We are able to accomplish this in a cost-effective manner through our traditional guardsman part-time force supported by a small full-time work force.

FACILITY CONSTRUCTION REQUIREMENTS

Our continued modernization and growth is reflected in our facility construction requirements for new weapons systems, including the F-15, F-16, C-5 and C-141 aircraft, the expansion and series changes for our C-130 aircraft units, expanded missions, unit relocations, and readiness initiatives. These requirements constitute 90 percent of the fiscal year 1988 request and 72 percent of the fiscal year 1989 request.

This commitment to new weapons systems, new missions, and mission growth requirements has resulted in extremely limited support for our existing $5.4 billion physical plant and has reduced our current mission construction program to a few of the most critically essential projects.

Our limited capability to address these current mission requirements will result in an $857 million backlog of validated, unfunded projects after completion of the proposed fiscal year 1988 program. This backlog

will continue to grow primarily because we are unable to keep pace with the replacement and modernization requirements of a physical plant with an average age exceeding 28 years.

The fiscal year 1986 military construction program was the most successful in Air National Guard history. We achieved a 99.7-percent execution rate, one of the highest levels in the Department of Defense. We are proud of Col. Dick Pezzullo and his staff, who are responsible for this outstanding achievement.

Mr. Chairman, this concludes my statement on behalf of the Air National Guard fiscal year 1988–89 military construction request. This committee's continued interest and support is sincerely appreciated. Thank you.

[The statement follows:]

PREPARED STATEMENT OF BRIG. GEN. JOHN F. MCMERTY
DEPUTY DIRECTOR
AIR NATIONAL GUARD

OVERVIEW

Mr. Chairman and members of the committee, it is my pleasure to appear before you with the Air National Guard Military Construction Program request for fiscal years 1988 and 1989. The facility requirements in this request are essential to support our conversions to more modern weapons systems, and to support our growth in new and expanding missions. The unique operational, maintenance, and training facilities in the request are a critical element in achieving and maintaining the high combat readiness of the Air National Guard.

The Air National Guard is able to make a significant contribution to the Total Force defense of the nation through the strong support we receive from the Department of the Air Force, the Department of Defense, and the Congress. We currently provide a significant portion of the Air Force alert and support missions and will provide more of the Air Force combat capability as we continue to grow and modernize our forces. We are able to accomplish this in a cost effective manner through our traditional Guardsman part-time force, supported by a small full-time workforce.

By the close of fiscal year 1988, the Air Guard will possess 86

percent of the total Air Force Air Defense Interceptor Forces; 50 percent of the Tactical Reconnaissance Forces, 35 percent of the Theater Airlift Forces; 25 percent of the Tactical Fighter Forces; and 17 percent of the Aerial Refueling Forces. We also make an important contribution in the Strategic Airlift, Rescue and Recovery, and Special Operations missions. In addition, our mission support units will provide 69 percent of the Aircraft Warning and Control Forces; 67 percent of the Combat Communications Forces; 56 percent of the Electronics Engineering Installation Forces; 30 percent of the Engineering and Services Wartime Forces; and 28 percent of the Tactical Airborne Command and Control.

Our continued modernization and growth is reflected in our facility construction requirements for new weapons systems, including the F-15, F-16, C-5 and C-141 aircraft, the expansion and series changes for the C-130 aircraft units, new and expanded missions, new equipment and equipment changes, unit relocations, and readiness initiatives. These requirements constitute 90 percent of the fiscal year 1988 request and 72 percent of the fiscal year 1989 request.

Our proposed fiscal year 1988 Military Construction request of $160.8 million is comprised of $144.8 million for major construction, $2.2 million for unspecified minor construction, and $13.8 million for planning and design. The major construction portion of the program includes $130.4 million for projects to support growth and modernization, $7.3 million for

projects deferred from fiscal years 1985 and 1986, and $7.1 million to support current missions.

The $137 million fiscal year 1989 request provides for $123 million in major construction, $2.3 million in unspecified minor construction, and $11.7 million for planning and design. The major construction includes $88.7 million for facility requirements for growth and modernization, $3.9 million for projects deferred from fiscal years 1985 and 1986, and $30.4 million to support current missions.

The major portion of our Military Construction request continues to address new weapons systems, new missions, and mission growth requirements. This has resulted in extremely limited support for our existing $5.4 billion physical plant, and has reduced our current mission construction program to a few of the most critically essential projects. Our limited capability to address these current mission requirements will result in an $857 million backlog of validated, unfunded projects after completion of the proposed FY 88 program. This backlog will continue to grow primarily because we are unable to keep pace with the replacement and modernization requirements of a physical plant with an average age exceeding 28 years.

The fiscal year 1986 military construction program was the most successful in Air National Guard history. We achieved a 99.7

percent execution rate, the highest level of all Department of Defense components.

We expect the fiscal year 1987 program to reach this same level of success. Our objective is to execute 98 percent of the 1987 program by the end of the third quarter, and 100% by the end of the fiscal year.

We ask your support for our fiscal year 1988 and 1989 Military Construction Program request. These construction projects are absolutely essential for the Air National Guard to reach and maintain its wartime capabilities as part of the Total Force.

Any reduction in the request will seriously impact our ability to accept new missions and new weapons systems delivery, and will adversely affect the combat readiness of the Air National Guard.

Mr. Chairman, this concludes my statement on behalf of the FY 1988 and 1989 Military Construction request. This committee's continued interest and support is sincerely appreciated.

AIR FORCE RESERVE

STATEMENT OF BRIG. GEN. SHIRLEY M. CARPENTER, DEPUTY CHIEF, AIR FORCE RESERVE

CONGRESSIONAL SUPPORT OF PROGRAMS

Senator SASSER. General Carpenter.

General CARPENTER. Mr. Chairman, members of the subcommittee, I certainly welcome this opportunity to present the Air Force Reserve's first biennial military construction program for fiscal years 1988 and 1989. With your permission, I will submit my statement for the record. I would just like to highlight some of the pertinent points that I think might be of interest to this subcommittee.

First, let me say on behalf of the Air Force Reserve, we certainly wish to express our appreciation for your continued support. Thanks to the support of Congress, OSD, and the Active Air Force, we truly believe we have the best Air Force Reserve program in the world. We have even had some of our allied countries come over and look at the U.S. Air Force Reserve in the last couple of years in the hope of modeling their program after ours. We are very proud of that.

Over the next 2 years, we will continue to experience growth, and our construction program, as you will see, will support that growth and enable us to sustain a high state of readiness.

CURRENT STATUS OF RESERVE

I would like to just touch, if I may, for a moment on where we stand today. We finished fiscal year 1986 with over 78,500 personnel, and we project 85,500 by the close of fiscal year 1989. That is a 9-percent growth. Some of that growth is reflected in our facility construction requirements as we continue to modernize with unit equipped C–5's, C–141's, F–16's and, of course, our KC–10 associate programs. Our expanded capabilities and newly acquired missions enable the Air Force Reserve to make an even greater contribution to the total force combat capability.

PROJECTS IN FISCAL 1986

Our fiscal year 1986 Milcon program is nearly executed. We have awarded 16 of the 20 projects. These awards amount to 96 percent of our total program funding after the Gramm-Rudman-Hollings and general reductions. Two of the remaining four projects cannot be awarded within the remaining 4 percent of our program dollars. Last year I

testified before this committee that we may have to slip some projects into 1987, and unfortunately that is true. One of the projects will be funded from 1985 money; savings which we accrued from 1985. The other project will be covered by 1987 moneys, and that could force us to delay some of our 1987 projects into 1988. We are taking management action to obtain savings where possible, and we are just hoping at this point, and it is purely hope, that we will get a better bid environment this year.

PROJECTS IN FISCAL 1987

Our fiscal year 1987 Milcon program is well underway. We have 12 of our 31 projects out for bids. We plan to execute 30 of 31. We have one joint project with space command. They have deferred that project to 1988. So our 97-percent execution goal for fiscal year 1987 is, of course, again dependent upon favorable bids and adequate funds for awards.

PROJECTS IN FISCAL 1988

The Air Force Reserve fiscal year 1988 military construction budget request totals $79.3 million; $70.5 million for major construction, $2.7 million for unspecified minor construction, and $6.1 million for planning and design. That gives us about 75 percent toward projects that support new missions and conversions. Twenty-five percent will be toward replacement and modernization of existing facilities. Seven projects for 1988 do not meet the 35 percent design criteria and that is due to some unprogrammatic conversion decisions. These late projects support a congressionally directed special operations unit, Davis-Monthan, and three accelerated F–16 conversions that were accelerated by the Active Air Force.

Close management attention will be given to these projects to ensure timely design, completion, and contract awards.

PROJECTS IN FISCAL 1989

Our military construction budget request for fiscal year 1989 totals $59.3 million; $51.9 million for major construction, $2.9 million for unspecified minor construction, and $4.5 million for planning and design. Approximately 56 percent of that will be for conversions, and 44 percent is for modernization of current missions.

This year's modernization effort reduces a few of our most essential upgrade requirements. Seven of the 37 projects in 1989 are well above the 35-percent design criteria and the remaining projects are progressing satisfactorily.

In summary, Mr. Chairman, with your strong support, the Air Force Reserve will continue to meet its challenge. I tried to depict, though, that we are a little behind the eight ball because of reductions in fiscal year 1986. It is essential that the Air Force Reserve retain our proposed fiscal years 1988 and 1989 budgets as presented, and if we are not able to do that, it will impact on our ability to accept new missions and ex-

panded missions as well as our ability to maintain our combat readiness.

This concludes my statement, Mr. Chairman. I would be glad to answer any questions.

[The statement follows:]

PREPARED STATEMENT

BRIGADIER GENERAL SHIRLEY M. CARPENTER
Deputy to the Chief of Air Force Reserve
Headquarters, USAF

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I welcome this opportunity to present the Air Force Reserve's first biennial Military Construction Program for FYs 1988 and 1989 and to request the necessary authorization and appropriation for program execution. On behalf of all members of the Air Force Reserve, I wish to express appreciation for the support this committee has provided for our past construction efforts.

Thanks to the support of Congress and the Active Force, today, we have the best Air Force Reserve program in the world. Even allied countries are looking at the United States Air Force Reserve as a possible model for their Reserve programs. Over the next two years, we will continue to experience considerable growth. Our construction program is designed to continue that growth and sustain our high state of readiness. I would like to take a moment to review where we stand today.

We finished FY 1986 with over 78,500 personnel and are projecting an end-strength of 85,500 by the close of FY 1989, a 9 percent projected increase. Similar growth is reflected in our facility construction requirements as we continue modernization/upgrade conversions to unit-equipped C-141s, C-5s, and F-16s, along with continued growth in the KC-10 Associate program. Our expanded capabilities and newly acquired missions will enable the Air Force Reserve to make a greater contribution to Total Force combat capability. We provide units that are fully trained and capable of performing wartime missions immediately upon mobilization. Our men and women are ready to respond and accept the ever growing reliance being placed upon them. They demonstrate daily a high degree of professionalism in accomplishing their peacetime missions as by-products of their training for wartime readiness.

Past investments have proven economical and have led to the Air Force

Reserve being a significant contributor to the wartime force structure. Presently the Air Force Reserve possesses over 50 percent of the Total Air Force Strategic Airlift Crew Force, approximately 7 percent of the Strategic Airlift Aircraft (unit equipped mode), 26 percent of the Tactical Airlift Capability, 8 percent of Tactical Fighter Force, 40 percent of the Strategic Airlift Maintenance Force, 100 percent of Aerial Spraying Capability, 71 percent of Aeromedical Evacuation Medical Crew Capability, 30 percent of the C-9 Aeromedical Airlift Crews, 47 percent of the Aerial Port Squadrons, and 60 percent of the Combat Logistics Support (AFLC aircraft battle damage repair), and 20 percent of Civil Engineering Capability. Other Air Force Reserve units continue to play an important role in augmenting Aerial Refueling, Aerospace Rescue and Recovery, and Special Operations Missions. As you can see, the Air Force Reserve makes a significant contribution to the Air Force at minimal cost and is a full-time partner of the Total Force.

The Air Force Reserve had a rewarding year in 1986. I would like to comment on some of our achievements:

Prime BEEF/RIBS (Basic Engineering Emergency Force/Readiness in Base Services) members supported the Team Spirit '86, a JCS sponsored exercise, in the Republic of Korea, providing billeting, food services, laundry, and mortuary support during the exercise.

The 37th Military Aerial Port Squadron, March AFB, California walked away with first place overall in the sixth biennial Patriot Rodeo competition.

Security police reservists won the Chief's Award at the 1986 Peacekeeper Challenge competition.

Our rescue units saved 52 people in 1986. It was a particularly busy year for the 304th's Aerospace Rescue and Recovery Squadron, Portland IAP, Oregon, as they alone were credited with 24 saves. The 304th's rescues included hikers stranded on mountaintops, passengers trapped in aircraft wreckage, an injured logger from a mountainside, and

balloonists suspended in air when their balloon became tangled around a utility pole.

Two Air Force Reserve units joined MAC aircrews and aircraft in providing disaster relief for El Salvador, which was devastated by a major earthquake in October.

Air Force Reserve crews transported some 150,000 pounds of goods to Central America which amounted to nearly 75 percent of all humanitarian cargo moved by U.S. military forces under the Denton Amendment to the 1985 Defense Authorization Act.

The Air Force Reserve joined the Air National Guard and MAC in airlifting more than 19,000 bales of hay, weighing more than one million pounds, to farmers whose cattle were hard-hit by drought in the Southeast.

The Air Force fiscal year 1987 report to the 99th Congress cited the Air Force Reserve as a major contributor to the Total Force. With the transfer of additional assets to the Air Reserve Forces, such as the C-141s, C-5s, and F-16s, the report indicated that the Department of Defense will rely on the Air Force Reserve even more in the future.

Our KC-10 associate and KC-135 crews logged more than 8,000 missions during FY 1986 in support of Strategic Air Command's worldwide aerial refueling mission, supplying fuel to more than 9,000 airborne receivers. More than 50,000 flying hours in FY 1986 were recorded by our fighter units taking part in various exercises and other training activities. Air Force Reserve fighter units participated in major exercises such as Red Flag, Green Flag, Silver Flag, and their Canadian equivalent, Maple Flag. Tactical fighter units continue to deploy to NATO bases under the Checkered Flag program.

Throughout the year, our aerial port squadrons continued to augment airlift support at Osan Air Base, Republic of Korea on a rotational basis.

The Air Force Reserve will continue to modernize its airlift forces in FY

1988-89. In FY 1988, we will continue with the conversion of the equipped C-5A strategic airlift unit at Kelly AFB, Texas with the addition of four C-5A Primary Authorized Aircraft (PAA). By the second quarter of FY 1989, Kelly AFB will have received its full complement of 15 PAA aircraft. Our second equipped C-5A unit at Westover AFB, Massachusetts, receives its first aircraft in the first quarter of FY 1988 and grows to 14 PAA by the second quarter of FY 1989. I am pleased to report that our success in recruiting the large increase in personnel at Kelly AFB has exceeded our expectations, and we do not anticipate any recruiting problems at Westover AFB.

In FY 1988, our first C-141 equipped unit at Andrews AFB, MD will have its full authorization of eight aircraft. The C-141 has long been the workhorse of strategic airlift and the Air Force Reserve is proud to be able to participate in the Total Force with the C-141 Starlifter in the unit equipped mode.

On the tactical airlift side, the Air Force Reserve will receive eight new C-130Hs in FY 1988 to replace eight old C-130As at Chicago O'Hare, Illinois. The funding added by Congress in FY 1987 allowed the Air Force Reserve to affect this conversion. The remaining 16 C-130As average almost 30 years of age and are programmed to remain in the inventory until the early 1990s. At that time they are to be retired and replaced by C-141s which will be displaced from the active duty inventory by the purchase of C-17s. This is a workable plan, but it is contingent upon the timely procurement of the C-17. If the program is delayed, it will be very expensive, if not impossible, to maintain these 1950s technology aircraft. To preclude this from happening, I urge the Congress to fully support the C-17 program.

In the Special Operations arena, the Air Force Reserve will activate the 71st Special Operations Squadron (SOS) at Davis-Monthan AFB, Arizona in the first quarter of FY 1988. The unit will have five CH/HH-3E Helicopters for its special operations mission.

We will build our fighter force from 228 to 240 aircraft in FY 1988, and stay at 240 aircraft through FY 1989. Aging F-4D aircraft will be replaced by newer, more capable F-16A/B aircraft at Homestead AFB, Florida, and Tinker AFB, Oklahoma in FY 1988, and at Wright-Patterson AFB, Ohio in FY 1989.

Additionally, Luke AFB, Arizona will receive its full complement of 24 new F-16C/D aircraft during FY 1988. The completion of these conversions will leave only two F-4 units in the Air Force Reserve. However, as with the C-130 fleet, our continued modernization depends on Air Force procurement rates of new aircraft. Any cutbacks in F-16 and F-15 procurement levels will dictate that some of our F-4 aircraft remain in the inventory even longer than those currently programmed for retirement in the early 1990s. I urge Congress to support the goals and concepts of the Tactical Fighter Roadmap.

Turning to our military construction (MILCON) program, I would like to make a comment about the execution of our FY 1986 program and the 4.9 percent reduction levied by the Gramm-Rudman-Hollings Act of 1985. We have contracted 16 of 20 FY 1986 MILCON projects. These awards amounted to 96 percent of our total FY 86 program funding after the Gramm-Rudman-Hollings and general reductions. Two of the remaining four projects cannot be awarded with the remaining 4 percent of the total program dollars. We informed this committee last year that we may be forced to delay some projects, and we will. One project will be funded using savings from FY 1985, the other project we anticipate funding using FY 1987 monies, which could force us to defer several FY 1987 projects to FY 1988, depending on any savings realized on other FY 1987 projects. We are taking managment actions to obtain savings where possible, and hoping for a good bid environment.

Our FY 1987 military construction program is well underway. We have 12 of 31 projects out for bids. Designs on the remaining 19 projects are nearing completion. We plan to execute 30 of 31 projects this year. One will not be contracted because it is a joint-use initiative with Space Command, which was deferred to their FY 1988 program. Our 97 percent execution goal for FY 1987 is dependent on favorable bids for all projects and adequate funds for awards.

The Air Force Reserve FY 1988 military construction budget request totals $79.3 million, including $70.5 million for major construction, $2.7 million for unspecified minor construction, and $6.1 million for planning and design. Approximately 75 percent of our projects support new missions and conversions. The remaining 25 percent supports replacement and modernization of existing facilities. Seven projects in FY 1988 do not meet the 35 percent design require-

ment. These projects at Davis Monthan AFB, Arizona, Homestead AFB, Florida, Tinker AFB, Oklahoma, and Wright-Patterson AFB, Ohio support a congressionally directed new Air Force Reserve Special Operations Unit and three accelerated F-16 conversions respectively. Close management attention is being given to these projects to ensure timely design completion and contract awards.

Our military construction budget request for FY 1989 totals $59.3 million, including $51.9 million for major construction, $2.9 million for unspecified minor construction, and $4.6 million for planning and design. Approximately 56 percent support conversions and 44 percent support modernization of current missions. This year's modernization effort reduces a few of our most essential facility upgrade requirements. Seven of our 37 projects in the FY 1989 program are well above 35 percent design and the remaining projects are progressing satisfactorily toward the 35 percent design level.

A review of our contruction program over the last several years shows that major emphasis was placed on new facilities to accommodate our increasing mission requirements at the expense of retaining some existing inadequate and deteriorating facilities. Mission conversions are afforded top funding priority. As I advised the Committee last year, we must begin to share concern with our existing aging physical plants and place increased emphasis on modernization and/or replacement. In FY 1989, an increase in emphasis is apparent.

In summary, Mr. Chairman, with the continued strong support of the Congress, the Air Force Reserve will continue to meet the challenge of its expanded role in the Total Force mission. However, it is most essential for the Air Force Reserve to retain our proposed FY 1988 and 1989 programs as presented. Any reductions will seriously impact our ability to accept new and expanded missions as well as our ability to maintain our current high state of readiness. We are better, stronger and more capable today than ever before. We ask that you provide the resources to stay this way.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions and to provide additional information.

BIOGRAPHICAL SKETCH

General Carpenter was born July 22, 1937, in Orange County, Va. He attended public schools in Williamsburg, Va. He received a bachelor of arts degree from the University of Virginia in 1960 and a master of science degree in counseling and guidance from Troy (Ala.) State University in 1976. The general is a 1967 graduate of Squadron Officers School; a 1976 distinguished graduate of Air Command and Staff College, both at Maxwell Air Force Base, Ala.; and a 1982 graduate of the National War College, Fort Lesley J. McNair, Washington, D.C.

Upon graduation as a distinguished graduate from the University of Virginia's Air Force Reserve Officer Training Corps program in June 1960, the general was commissioned a second lieutenant. He earned his pilot wings at Moody Air Force Base, Ga., in April 1962. His first assignment out of pilot training was to the 44th Air Transport Squadron, Travis Air Force Base, Calif., flying C-135B's for the Military Airlift Transport Service. He transitioned to the C-141A in February 1965.

In November 1968 the general separated from active duty and was employed by Trans World Airlines as pilot/flight engineer. In June 1969 he joined the newly-formed Reserve Associate unit at McGuire Air Force Base, N.J., later to become the 514th Military Airlift Wing, which was in the process of transitioning to the C-141A. When furloughed by Trans World Airlines in 1970, he became an Air Reserve Technician at McGuire Air Force Base. In 1975 he attended Air Command and Staff College.

The general's next assignment was to the 702nd Military Airlift Squadron, McGuire Air Force Base, as an Air Reserve Technician operations and training officer. He was recalled by Trans World Airlines in June 1977 but maintained his Reserve status. In February 1979 he assumed command of the 702nd Military Airlift Squadron. In April 1981 he was assigned as vice commander of the 514th Military Airlift Wing, McGuire Air Force Base.

After attending National War College, he was selected as the Reserve adviser to the commander in chief of Military Airlift Command, Scott Air Force Base, Ill. He assumed his present duties in May 1985. He was promoted to brigadier general March 1, 1986, with date of rank October 1, 1985.

The general is a command pilot with more than 8,700 flying hours, including 83 combat support missions to the Republic of Vietnam. His military decorations and awards include the Legion of Merit, Meritorious Service Medal, Air Medal, Air Force Commendation Medal, Presidential Unit Citation Emblem, Air Force Outstanding Unit Award Ribbon with three oak leaf clusters, Combat Readiness Medal with four oak leaf clusters, National Defense Service Medal, Armed Forces Expeditionary Medal, Vietnam Service Medal with three service stars, Air Force Longevity Service Award Ribbon with two oak leaf clusters, Armed Forces Reserve Medal, Small Arms Expert Marksmanship Ribbon, Republic of Vietnam Gallantry Cross with Palm and Republic of Vietnam Campaign Medal.

General Carpenter is married to the former Ruthie Shoemaker of Bridgeton, N.J. They have four children: David, Dale, Scott and Kristina.

CONGRESSIONAL SUPPORT OF MILCON PROGRAMS

Senator SASSER. Thank you, General Carpenter. I want to thank each of you for your statements. You will find that this subcommittee has been an advocate of appropriate levels of funding for military construction spending. I have been on this subcommittee for 10 years now, and during that time, I have seen the quality of facilities improve for our troops both at home and abroad. It goes without saying, I think, that family support facilities and quality-of-life facilities play a major role in determining if we are going to be able to retain the most qualified personnel in what is essentially an All-Volunteer Force.

Having said that, though, I am going to have to tell you what you already know, I think, that cuts and reductions are going to have to be made. It is very likely—in fact, I would say it is almost a foregone conclusion at this juncture—that the congressional budget resolution is not going to provide any real growth in the defense budget.

I am hopeful that we will be able to void what happened last year, though, when the military construction budget was contrained along with the overall defense budget. I have appealed to the chairman of the Senate Budget Committee, and also to the chairman of the Defense Appropriations Subcommittee, Senator Stennis, to take note of the fact that the Department of Defense has requested 18 percent real growth for military construction this coming fiscal year, compared to only 3 percent for the defense budget overall.

Now this relative priority should be recognized when the 050 budget function is allocated to the subcommittees. I would say that we are going to need your help in seeing to it that the cut in military construction is kept within acceptable levels. I suspect, in fact, I know, that you are getting the word out to the senior leadership in the Air Force that they must fully support the military construction budget this year.

I have received a copy of Secretary Aldridge's letter to Chairman Stennis on the matter, and also a copy of General Welch's letter. That is precisely the kind of support that we need. I think, as the year develops, the Air Force may well need to be in a position perhaps to give some on budget authority for procurement or budget authority for operation and maintenance in order to protect some of the very vital military construction needs.

Do any of you have any comments on my observations, or any observations of your own before I yield to Senator Reid for questions that he might have?

BUDGET PRIORITIES

Mr. MCCOY. Sir, I would just say that we do find the same priorities that you discussed. It reads out in the accounts as you've stated, 18 percent versus 3 percent real growth. There is clearly a statement of underlying priorities there, although, as you know, it takes the Secretary of the Air Force and Secretary of Defense to get into real specifics about priorities in other programs that might be better cut than some in our area. We are not in a good position to take from one and give to the other per se other than what is represented in the President's budget.

I think you are accurate in the relative weight that you visualize and that you see there. That is something that has certainly been indicated to us by the Secretary and the Chief that we can underscore, that military construction really does have the priority that we give to it.

We have been artificially constrained by the lower levels of funding, and had the cuts not been so great in the past, the amount of money that would have been applied for military construction in our fiscal year 1988 and 1989 budgets probably would have been larger because of the relative priority it enjoyed by the Air Force leadership.

Senator SASSER. Does anyone wish to elaborate on that? Senator Reid?

MILCON SPENDING IN WEST GERMANY

Senator REID. Thank you, Chairman Sasser. Could one of you tell me how much has been approximately spent in the past 5 years in the military construction in West Germany?

Mr. MCCOY. In the Air Force, or all of DOD?

Senator REID. Just the Air Force.

Mr. MCCOY. We would probably, I believe, need to get back to you and provide an answer for the record. I don't think we have it. Maybe our staff can look for some numbers and we can approximate it for you.

[The information follows:]

BUDGET SPENDING IN WEST GERMANY

Since 1982, the Air Force has spent $228 million on military construction in West Germany. In the next 5 years we expect to spend $340 million.

FIVE-YEAR SPENDING PROGRAM IN WEST GERMANY

Senator REID. Do you have any idea what is to be spent during the next 5 years in West Germany?

General ELLIS. Historically we have been spending between $30 and $60 million a year.

Senator REID. My concern is about the money that we have spent and continue to spend relative to some of the troubling things I have seen in the news lately about the TWA hijackers. It's been rumored that the West Germans will release these hijackers in some kind of exchange with people in the Arab world. That would be very troubling to me. That is why I would like to get those figures, and if you would supply the figures to me before we mark this up, I would appreciate it.

General ELLIS. I need to correct that last number. It is $230 million over the past 5 years total, and if history repeats itself, we will probably spend at that level over the next five. I will provide you the exact number, sir.

MULTIMEGAWATT TERRESTRIAL POWERPLANT

Senator REID. I would appreciate that. Also, you heard my opening statement. I know that the jurisdiction of this committee doesn't reach the area that I spoke about the 474th at Nellis, but I am sure that each of you is familiar with what has been proposed there. This is of concern to me because I am a great believer in having tactical fighter strength before we get into some of the exotic things that have been reported in various places, including, as I indicated, Monday in the New York Times, about these power generating facilities that are being contemplated, unclassified at this stage, relating to the multimegawatt terrestrial powerplant.

Mr. MCCOY. Basically this project, which is described in the New York Times article by Mr. Halloran, who I know well and who is a fine reporter for the New York Times, contained a number of inaccuracies. The program which I have been personally involved in monitoring in the Air Force is actually a commitment to spend no money at all other than the original $5.5 million which the Air Force would be putting up together with another $5.5 million that the Department of Energy would be putting up to engage in preliminary design in order to better define the proposed 10 megawatt powerplant and its cost.

The original genesis of this program was my own, as a matter of fact, in dealing with this issue of secure power for our bases for the conventional forces, particularly those that were stationed forward in other theaters of operation. Many of our bases are on the grid and on very vulnerable power. In the event of a NATO conflict we would probably find that many of the bases in some of our forward strategic warning sites would lose power and, therefore, we would not be able to launch any of the—whether it was 37, 40, or 50—tactical fighter wings that we had, we would find ourselves in great difficulty.

In order to determine how vulnerable we were, we actually had the Air Force inspector general go out and pull the plug at a couple of bases when he performed what is called an Operation Readiness Inspection [ORI], one at a TAC base and one at a SAC base. They found that the commanders, and all of us, were really quite dependent, as you might imagine, even as your home would be, on electrical power.

So the program was undertaken with the view that we should look at how to obtain secure power for contingencies wherein we would be taken off the grid. It was aimed much more at the sustainability of combat operations in a conventional conflict than for secure power for a big, long, protracted nuclear war.

PROTRACTED NUCLEAR WAR

In the entire period of time that I have been associated with it, which is off and on over approximately 4 or 5 years, dealing with the Department of Energy, dealing with the JCS, dealing with the various people in the Pentagon, I have never heard protracted nuclear war used in connection with this program at all. Where that was picked up, I don't know.

We have made no commitment to fund a full program at this time. We are merely trying to refine this alternative. We made that clear in the letter that I signed to the Assistant Secretary of Energy. You know, they are always interested in building nuclear powerplants so they are sort of advocates for it. We are advocates for secure power for our bases, but we are not necessarily advocates for this particular solution because one, they are very expensive; and second, we are not sure we couldn't do it cheaper in some other way.

So this is strictly a preliminary commitment to refine this alternative.

Senator REID. So what you are saying is that the protracted nuclear war as indicated in the New York Times article is not anything that came from the Air Force?

Mr. MCCOY. No; there was no testimony given to that effect. There is nothing in the original justification or memos of understandings regarding this program. That is not to say that some SAC bases would not be included if this thing was ever built. It could be installed at logistics command bases, SAC bases, TAC bases and any number of bases, if the Congress so chose to support it. This kind of secure power would replace a large number of less reliable portable diesel generators. This would be a judgment to be made at some future point, but it is not a judgment that we are making now that these ought to be bought and installed. This is just purely paper design kinds of things for better information to reach sound decisions in the future.

EXPANSION OF ACTIVITY CENTER AT AIR FORCE ACADEMY

Senator REID. Could you tell me how, in light of all the budget constraints that you have and we have, what is the justification for the expansion of the activity center at the academy?

Mr. MCCOY. Sir, the academy, as you know, is very important to the Air Force as a symbol of the kind of leadership that we expect from our officer corps. It also is, as all of the academies are, a national monument where a tremendous number of people come through. I guess we get about 1 million visitors a year at the academy, and they find this a very good way to view what they are getting for their money in the way of how the military is preparing themselves and their future leaders for war.

We feel that in the interest of management of these visitors, and providing a place for some of the flow, and some of the things of that sort, as well as for the large number of cadets, that these fairly limited but, you know, they are not luxurious-type or gold-plated facililties, are required to have a complete facility at the academy, the same way we have a chapel, and a gym, and an officers' club, and these various things.

We realize that we can't have everything we want. These are, some could say, certainly nicer to have than a hangar for tactical aircraft in Europe.

Over time we find that if we do not make some modest improvements in these areas that we really fall way behind.

HOSPITAL CONSTRUCTION AT NELLIS AIR FORCE BASE

Senator REID. My concern is that, as I indicated in my opening statement, we have set priorities, and some of the priorities about which I care are those that I am most familiar with. For example, we have been trying, at Nellis Air Force Base, which is an old air base, to have a new hospital constructed there. We felt very good that there was a joint venture between the Veterans Administration and the Air Force to build a new facility there. I looked at the budget and find that it has been set back another 2 years, until 1991.

I have trouble deciding how those priorities are reached, that is whether we would have a ballroom, or an activity center at the Air Force Academy, or a hospital where people can go at this very, very busy air base in the middle of the desert. I don't think it takes a great deal of imagination to understand that the hospital is more important.

Mr. MCCOY. Sir, we agree with you. As you know, we have had some changes in the way the military construction appropriation for hospitals is handled. That money, which was previously in the budgets of all of the services was withdrawn from the services some year or two ago and collected in one central account under the management of the Assistant Secretary of Defense for Health Affairs, and we find that the priorities, while we make recommendations, are set to a much greater degree in OSD now than they are in the services.

We find that our preference is that at all of our bases we continue to have a full-up type of hospital capability because, as you know from your dealings with the military and Congress and in your community, medical care is extremely prized as a retention factor.

So we are very cognizant of the importance of that, and we are going to continue to battle, I can assure you, to make sure we get that hospital and get those improvements, not only in that community, but in others.

Senator REID. Mr. McCoy, if you didn't make the decision, who did you say makes the decision that was set back 2 years?

Mr. MCCOY. Well, sir, we are all involved in the decisionmaking process. The Assistant Secretary of Defense for Health Affairs, Dr. Mayer, is the central manager of all hospital military construction.

Senator REID. What is his name?

Mr. MCCOY. Dr. Mayer. He is chiefly responsible for all health and medical programs in the Pentagon, including medical readiness and the training of the doctors. Also it was thought that it would be best to give additional emphasis to the area where we were weak in war readiness, medical readiness, to collect under him the military construction budgets just for medical facilities, not for all the other facilities which we retain in the service.

So that has become somewhat of a centrally managed account which we can put our recommendations into and the like. It is given more of a view from that level, and that is just the facts, and that is the way it is.

We were probably under some pressure ourselves. I am not saying we didn't have some chance to offer up some other projects or fall on our sword to continue to have that funded. Knowing the Surgeon General the way I do, and knowing what the priorities are of the Chief and the Secretary, we have been very vociferous over the last few years in trying to get all of the hospitals, and particularly the older ones, upgraded and fully funded at our Conus bases.

We are going to try to get those done. We probably are in a situation where we don't like it either.

Senator REID. But I still don't understand why it was set back 2 years.

Mr. MCCOY. Let me ask General Ellis if there are any specifics with respect to fact of life factors such as being behind in design, or being beaten out by a higher priority Army hospital that someone in OSD saw should be funded or something like that. We may not have that information.

General ELLIS. I don't know of any specific reason because of design, or because of timing, or because of——

Senator REID. Last year it was reported to me that everything was on schedule. So would one of you personally get back to me by next week sometime so we can stay on top of that?

Mr. MCCOY. We will give you a status report and try to find some rationale, however good or bad, for why it was——

Senator REID. I would appreciate that. We can determine what needs to be done. I have no further questions.

Senator Sasser, the chairman of the subcommittee, like all of us, is involved in other committees, and he has asked me, if there are no other Senators here, and there does not appear to be, to thank you for your testimony and time. If you wouldn't mind waiting until his return, we will stand in recess until the call of the Chair.

[A brief recess was taken.]

PROPOSED CLOSING OF MATHER AIR FORCE BASE

Senator SASSER. The committee will come to order. Gentlemen, we are scheduled to have a vote here at 11 o'clock and there has been some delay. When that vote occurs, we will have to recess the subcommittee once again and go vote and come back.

Let me ask a few questions here. First, why is the Air Force considering closing Mather Air Force Base in California?

Mr. MCCOY. Sir, we were faced with two bits of stimulus on that, one, the interest of the Congress which was generated the previous year by Senator Goldwater and Senator Thurmond on the Senate Armed Services Committee to look for savings in the base area. They also——

Senator SASSER. You didn't look for any in South Carolina, did you?

Mr. MCCOY. Well, actually we did, but we found that the place that we could most acceptably close, despite our own reservations of closing any more bases because we need them for mobilization as well as current use, was Mather. They are looking at savings as well as potentially parceling out various missions, the two main missions that are there.

We are not announcing it, as you may remember, from the announcement that we are going to close it. We had just announced that we were going to do a study, and the reason we did that is so in the process of doing these EIS's in scoping meetings it doesn't leak out that the Air Force is out there doing something surreptitious.

In this current year the study goes on, and then in the announcement that comes out in January 1988 for the fiscal year 1989 would be when a formal proposal, or not a proposal, to proceed with a closure would be announced. We are not in a closure mode or announcement of such, just a study which we are required to make.

Senator SASSER. Now the House Appropriations Committee has directed, as I understand it, that the base closure study be terminated. I take it you don't agree with the House provision?

Mr. MCCOY. Well, sir, we understood that they have marked and they are moving in that direction.

Senator SASSER. But they haven't done it yet.

Mr. MCCOY. Well, sir, we understand it is not out of the full committee over there. We are, of course, watching that because if we find that is the direction of Congress across the board, then we would obviously slow things down and stop at the point when it is clearly a congressional position.

CONSTRUCTION FACILITIES AT MATHER

Senator SASSER. You are requesting funds for construction of facilities at Mather even though you have a study underway as to the feasibility of closing it?

Mr. MCCOY. Right, sir.

Senator SASSER. Why are you requesting funds? Why don't you postpone that pending the study?

Mr. MCCOY. Well, sir, we are going to not obligate those funds until such time as we make a determination ourselves and receive the response from the Congress as to whether we should, and whether it is agreed that the base should be closed. We would not be obligating those funds prior to such a decision. These funds are included in our fiscal year 1989 request.

Senator SASSER. I'll tell you, Mr. McCoy, frankly I would be a lot happier if the Air Force were closing bases overseas rather than here in the United States. I suspect you know this subcommittee has very definite ideas on the question of defense burden sharing, and I think the majority of this subcommittee would say quite explicitly—I know the chairman would—that it is our belief that our allies simply are not living up to their responsibility in assuming a fair share of the defense of the free world.

The Air Force has 58 major installations around the world overseas. It appears to me that before we start closing bases here at home, and I am not saying that this base in California shouldn't be closed—that is a judgment for others to make at this juncture, because I, frankly, don't know enough about it to know whether it should be open or closed, or

whether a study should go forward as to the feasibility of closing it—but if we are going to close bases at home and we are going to look for bases to close, I would hope that we could look at some of these 58 installations outside of the continental United States, Alaska, and Hawaii, and say to the allies in these areas, "You've got to assume more of the burden here, we are going to close a base and that is going to throw the burden on you and you can't avoid it."

Are there no missions that we could transfer abroad to our allies?

Mr. McCoy. As you know, we are in a difficult position there because we are sort of the glue that holds the alliance together, many of these alliances, and at the same time we find that others do not do their fair share. We find that with new missions that are agreed to as a remedy to certain imbalances such as the intermediate nuclear forces situation we face where we actually had to go over and open up some new bases and spend a lot of money which this committee provided very thoughtfully to house our people and do it right with the GLCM's.

Perhaps with changes in some missions, and some new technology, the ability to project power more from Conus, arms control agreements and so forth, we continually try to scan the horizon for all of those kinds of things which will give us the ability to close bases overseas which we prefer also because we are getting to a point now in the Air Force, and I know the Navy and the Army are the same way, where the rotation base is such and the dollar situation is such overseas, where most of our people would probably prefer to be in Conus serving in the military than overseas.

So, it is a hardship and we try to find those kind of opportunities. They are difficult without some major changes.

We certainly applaud the committee and your own efforts for continuing to point out in international forum as well as in this committee the necessity for the NATO nations and others to do much more to help us because we cannot ask our taxpayers to carry the whole load outside of the areas where the alliances extend their area of interest.

BASE ACCESS AGREEMENT WITH ZAIRE

Senator Sasser. Mr. McCoy, two recent articles in the Washington Times indicate that the Department of Defense is pressing for base access agreement with Zaire. Does the Air Force want a new base in Zaire?

Mr. McCoy. Sir, I'm going to mention a couple of things just briefly, and then ask General Ellis to address that. He has addressed it also before a couple of other committees to make sure we stay on track.

We are not seeking a base in Zaire, as I understand it from our policy people, either from State or Defense or certainly in the Air Force, although there is some desire to have access for training and possibly some uses that would extend to temporary kinds of situations.

But let me ask General Ellis to address that a little further, if I could, sir.

General ELLIS. Two things, I think, are important. First of all, we have no construction planned or programmed in that area. If we want to make it a base, there would be some requirements for military construction and we would be back to the committees for permission to do so.

The United States Government is in dialog with the Zairean Government about exercises, et cetera, and permission for us to use that area. The Air Force is interested because it is a great training area.

Population is very sparse. The area is flat, and it would be——

Senator SASSER. What is wrong with Mexico or Arizona? The population is sparse there, and it is flat, General. That is not very convincing to me, but go ahead.

General ELLIS. We are flying, to the extent that the environmental impact statements will permit us, in Arizona and Texas in that part of the world today. We have no plans to change that.

The article mentioned $2 million that we would spend. Those would be exercise moneys to repair any damages that occurred as a result of the exercise. But it is a discussion, not a plan.

Senator SASSER. Are there funds programmed for military construction in Zaire in the next 5-year defense plan?

General ELLIS. No, sir; there are none.

UPGRADING ZAIRE AIRFIELDS

Senator SASSER. At this point I want to include in the record copies of the Washington Times articles indicating that $2 million has been allocated to upgrade an airfield in Zaire.

[The information follows:]

The Washington Times MONDAY, MARCH 2, 1987

State opposes plan for Zaire air base

By James M. Dorsey
THE WASHINGTON TIMES

A proposal to rebuild a rundown air base in Zaire has sparked suspicions that the Reagan administration may be planning to provide covert U.S. assistance to anti-government rebels in neighboring Angola, according to officials and other sources.

Defense Department plans to turn the Kamina air base, located in the southern Zairean province of Shaba, into a major U.S. facility have been opposed by the State Department, they said. Officials there fear the project would entail too great an involvement in Zaire.

The Pentagon declined comment on reports that the base would be used for U.S. support of UNITA rebels in neighboring Angola.

The officials did confirm, however, that the Pentagon is pressing the Reagan administration to negotiate a formal access agreement with Zaire within the next three months so that it can allocate $2 million it has tentatively put aside in fiscal 1987 for upgrading of the base.

"The base has no strategic value, except for Angola," one administration source said.

"It is only usable for clandestine operations," another source said.

The State Department is "not necessarily" opposed to using Kamina for that purpose but does not want to raise the profile of U.S. military relationswith Zaire, the sources said.

The United States is planning a new unpublicized joint military exercise with Zairean forces involving the sprawling Kamina base, they said.

Less than 200 U.S. special forces have been involved in past exercises in Zaire, according to Pentagon officials.

Describing Kamina as "a formidable base," the officials said its two 10,000-foot runways could accommodate all aircraft. The base, they said, is ideally located on an unpopulated plain and is equipped with a 750-bed hospital.

"Show me a better staging area" for all kinds of operations, said one defense official. "You couldn't find one.

With an initial investment of $2 million, the runways and drainage system could be repaired, the officials said. International finance officials said renovation of the whole base, including the hospital, could cost as much as $100 million.

The Defense Department's legal advisers had barred the department from appropriating funds for Kamina without the existence of a formal agreement between the United States and Zaire, Pentagon officials said.

The U.S. military used the Belgian-built base in 1964 to drop Belgian paratroopers fighting leftist rebels who had seized Western missionaries in Stanleyville, now called Kisangani. In 1977 and 1978, U.S. military forces operated from Kamina in support of French, Belgian and African troops who were helping Zaire recapture the Kolwezi mining center from rebels in Shaba.

Administration and other sources discounted Pentagon claims that Kamina could be used for emergency humanitarian relief operations and could stem a possible crisis if South Africa were to close road and rail links to neighboring black countries.

"You don't need Kamina for that," said one source. "South Africa's black neighbors have sufficiently equipped airports of their own to handle normal imports and exports."

The Washington Times
February 26, 1987

PENTAGON, STATE DEPARTMENT SPLIT OVER ZAIRE AIR BASE

by Richard C. Gross

A dispute with the State Department is tying up Pentagon plans for an agreement with Zaire to upgrade a huge air base that can be used as a staging area to meet emergencies in Africa and elsewhere, officials say.

The United States has used the Kamina base in Zaire's southern Shaba province during the past several years for one or two unannounced small-scale joint training exercises a year involving about 50 U.S. troops and Zairian airborne forces, Pentagon officials said Wednesday.

Similar maneuvers will be held in the future, they said.

Pentagon efforts to negotiate a formal base access agreement with Zaire so that $2 million worth of initial repairs can be under way at Kamina have been stalled by the State Department, which argues a pact is not necessary, officials said.

The Pentagon may appeal its case to the White House, one official said.

"We're not sure why we need an access agreement," a State Department official said. "You don't need an access agreement to hold exercises."

Currently, the Pentagon must request Zairian permission for access to Kamina on a case-by-case basis.

The virtually deserted base, situated on a remote high plateau dotted with scrub and small trees, was built in 1956 by Belgium and includes two 10,000-foot runways suitable for giant U.S. C-5A Galaxy transports. A 700-student pilot school and a 750-bed hospital stand empty.

In the Pentagon's view, the strategic base would give the United States a valuable toehold in western Africa that could be a springboard for meeting contingencies in Zaire, in southern Africa and as far as the Middle East. The U.S. military used Kamina during crises in Zaire in 1964, 1977 and 1978.

The base conceivably could be used to provide covert U.S. assistance to rebels in Angola, which is about 175 miles due west of Kamina.

A senior Pentagon official said in a separate interview that Kamina could become a marshaling area for an emergency humanitarian relief operation for black countries whose road and rail links to South Africa are cut off.

Air Force engineers were to have gone to Kamina in March or April to begin repairing the runways, which need surface repairs, but Pentagon lawyers held up the plan in December, the officials said, speaking on condition they not be identified.

The lawyers insisted the administration first get a base access agreement from Zaire to forestall complaints from Congress about spending the $2 million -- $1 million from Army military construction funds, the other $1 million from the Air Force operations budget, the officials said.

After that, Pentagon plans are to spend $1 million to $2 million a year "indefinitely" to maintain Kamina, where "the hospital and the sewage system are falling apart," one official said.

"It would be a prudent investment to keep it from deteriorating further," he said.

The Pentagon has until September 30, the last day of the current fiscal year, to spend the first $2 million and now wants to begin the project August 1, the officials said.

But the negotiations for an access agreement with Zaire cannot begin until the dispute between the State and Defense departments is settled, the officials said.

USE OF O&M FUNDING FOR AIRFIELD REPAIR

Senator SASSER. If this is correct, are these $2 million coming out of O&M funds or Milcon funds?

General ELLIS. Those are O&M funds, to repair any damage that we do as a result of the exercise and to make the runway acceptable for the exercise.

Senator SASSER. Well, gentlemen, I want to give notice now that we are not going to go down the same road, if I can help it, in Zaire that we went down in Honduras. Now, we are not going to be building these airfields down in Zaire out of O&M funds.

If the Air Force and the administration, deem that it is in our national interest to have airfields in Zaire, then it is my view that they need to come to the Congress and justify those requests. If this has to be done in closed session, why then it will be done in closed session, but I take a very dim view, and I think a majority of the Congress now takes a very dim view of constructing an infrastructure out of O&M funds.

That is not what O&M funds are for. There is a sense on the part of many of us that the committees of competent jurisdiction were bypassed in some of these facilities that have been constructed in Central America.

TRANSFER OF TORREJON F-16 WING TO ALTERNATE LOCATION

Let me shift now to Spain. Does the Air Force desire to move the F-16 wing that is based at Torrejon outside of Madrid to another location?

Mr. MCCOY. Sir, we prefer—our first choice would be, and at some point depending on your questions, we might defer to a closed session or whatever. As you know, negotiations are still ongoing including this week in Washington.

Our first choice would be, because of the importance of that southern flank of NATO, to stay at Torrejon and continue. The Spanish have made it clear, they feel that it would not be in their best interest, or would not hurt the interests of the NATO Alliance of which they are members but not part of the military structure to find us lessening our presence there, which is always a more acceptable situation in any of these countries where the security situation will allow.

We believe that the interests of all the NATO countries are best served by remaining there with this very formidable force and that we hope to convince the Spanish of that although we realize that they are in a very specific position opposing that at this time.

ABILITY OF SPANISH AIR FORCE TO ASSUME MISSION ALONE

Senator SASSER. The negotiations do not appear to be going very well, and General Rogers, our NATO Commander, has indicated that the Spanish Air Force could not, even if it wished to do so, assume the mission that is presently being performed by our F-16 wing there. I assume you would agree with General Rogers in that assessment?

Mr. McCoy. Yes, sir; just due to the sophistication of the aircraft and the numbers which are fielded, the joint force which is fielded is much better than the Spanish could field themselves, even though the Spanish are upgrading to the F–18 aircraft and are constantly improving their forces.

We have a great deal of respect and admiration for the progress the Spanish have made in their military forces over the last few years but nonetheless without the modern capabilities that our people would bring as well as the additional numbers, we would find the leg there on the southern flank beginning to weaken. As all of the members of this committee know, both of the flanks of NATO are already less than satisfactorily balanced compared to the adversaries that we face.

COST OF F–16 BEDDOWN

Senator Sasser. It is my understanding—and I have heard figures batted around indicating—that it would cost $300 million to build new facilities to beddown the F–16 wing if it is moved to a new location. Is the Air Force prepared to absorb military construction costs of that magnitude in your present funding?

Mr. McCoy. Sir, we are hoping not to have to because of other arrangements that can be made. Those figures——

Senator Sasser. What other arrangements, Mr. McCoy, do you have in mind? The Spanish paying for the relocation of that base?

Mr. McCoy. Sir, we would hope that if an agreement can be reached to locate somewhere else in Spain, that we could obtain funds from them as a result of turning over the facilities at Torrejon. We realize this may not be possible, and, of course, depending on the decisions that are made at a higher level in the executive branch regarding what is the best solution that can be achieved. Since we are dealing with another sovereign State, the Air Force could, as you recognize, be asked, and in effect be forced into a situation where we had to expend funds and accept a military construction requirement to bed that unit down somewhere else.

Senator Sasser. Well, it is my view that Spain is a member of NATO, and, if that base is moved to suit their internal political problems or internal political needs, then the Spanish should pay for the relocation of that base. There is ample precedent for this. When the French pulled out of NATO, they paid $100 million toward relocating United States facilities outside of France.

I think the Spanish ought to pay for the relocation of this base, and I think we may have a way to indicate how strongly we feel about that because the Spanish are in line for over $100 million in foreign aid. Staff tells me it is closer to $300 million in foreign aid in this upcoming budget, and we just may reallocate that foreign aid to cover the relocation of this base if they insist it be moved, and they do not want to pay the cost of moving it. It appears to me that that makes some sense.

Gentlemen, I am going to have to recess the subcommittee once more for a few moments. The vote has started, and I will vote and be right back.

[A brief recess was taken.]

EXPANDED BASE FOR MILWAUKEE AIR REFUELING GROUP

Senator PROXMIRE [presiding]. The subcommittee will come to order. I understand that Senator Sasser wanted us to go ahead, and he is detained in another committee, a markup session where he has to be.

So, let me ask you, gentlemen, a question that is especially important to my State of Wisconsin. The Wisconsin Air National Guard has indicated they need to expand the base facility at the 128th Air Refueling Group in Milwaukee to allow for an increase for the two refueling aircraft already authorized, and eight ultimately would be authorized.

Have you reviewed the facility needs at Milwaukee for the additional KC-135-E aircraft?

General MCMERTY. I would be glad to answer that, Senator. Yes; we have. We found that the facility requirements to accommodate the additional two airplanes were very modest.

We took care of those and have done everything necessary in Milwaukee to allow them to accommodate those two additional airplanes.

Senator PROXMIRE. I appreciate that very much. Given that the Wisconsin Air National Guard has arranged for the purchase of the land in Milwaukee for $1, and obviously it is worth a whale of a lot because it is right in the city and it is 46.3 acres. Shouldn't that land be developed for the additional aircraft as soon as possible, and what is your timetable for that development?

General MCMERTY. Sir, we have no specific timetable for development of that property, nor do we have any specific provision for additional airplanes coming in to the unit at this time. However, we are working with them to make sure that we do, in our planning, take that new opportunity into consideration. In the event that there are new opportunities for the National Guard at large, we will give Milwaukee full consideration for whatever future missions we may have to consider.

Senator PROXMIRE. We would appreciate that very much. We are very proud of that National Guard operation. It has done a great job, won competition after competition. They have very excellent morale. The State has to take pride in their operations.

128TH TACTICAL FIGHTER WING AT MADISON, WI

Let me ask you about the 128th Tactical Fighter Wing at Madison, WI. They have a need for a major construction program including a number of pay-back energy-efficient projects.

Have you had a chance to review those projects and can you tell me when they will be funded?

General MCMERTY. Sir, we will provide for the record the specifics of what we have planned for the 128th. We are working with the 128th as we are with all of our Guard units to ensure that we meet all of their needs. One of the problems we have is that so much of the money available to the Air National Guard for military construction is dedicated to conversions and satisfying the requirements for new missions

that we have considerable difficulty providing the necessary moneys to fund our current mission facilities to the level that we would wish.

Senator PROXMIRE. But you will be able to review the project and tell me——

General MCMERTY. Sir, we will do that. We will provide for the record the specifics of what we have in mind there.

[The information follows:]

ENERGY CONSERVATION PROJECTS

The following two energy conservation projects for the 128th Tactical Fighter Wing at Madison, WI, have been validated and are 100 percent designed; however, due to higher priority Air National Guard requirements, are not presently included in our fiscal year 1988 or fiscal year 1989 programs. A re-evaluation of our fiscal year 1990 program is scheduled for the July-August 1987 timeframe, and these projects will be given consideration.

Alter building 402 for weapons security	$850,000
Alter automotive maintenance shop/storage facility	860,000

VOLK FIELD TRAINING SITE

Senator PROXMIRE. Would you also take a look at the three projects for Volk Field training site—that is about 50 to 60 miles north of Madison—and give me your opinion as to their funding status.

General MCMERTY. Yes, sir.

[The information follows:]

PROJECTS AT VOLK TRAINING SITE

The following projects have been validated for the field training site at Volk Field, WI:

Alter building 318 for officer quarters	$483,000
Alter building 402 for medical training	200,000
Add/alter east gate security facility	175,000

The projects to alter the medical training and east gate security facilities are 100 percent designed; advance planning has been completed on the officer quarters project. Due to higher priority Air National Guard requirements, these projects are not presently included in our fiscal year 1988 and fiscal year 1989 programs. A re-evaluation of our fiscal year 1990 program is scheduled for the July-August 1987 timeframe, and the projects will be given consideration.

MILITARY HOUSING OCCUPANT RESPONSIBILITY

Senator PROXMIRE. Now, Mr. McCoy, the GAO reported in a 1983 study of occupant responsibility for family military housing maintenance that a lot of the money earmarked for operation and maintenance was probably being wasted because of laxity in the self-help maintenance program.

The GAO study pointed out that poor or no tracking of the distribution of such self-help replacement parts as light bulbs, shower curtains, and cabinet hardware was allowing many residents to walk away unchecked with unlimited supplies. There was some question as to whether all these items were actually being used for family housing.

The GAO also discovered that a lot of the parts being replaced were the victims of tenant damage rather than fatigue or normal wear and tear. The result of all this, the GAO said, was inflated inventories which in the final analysis cost taxpayers more.

How would the Air Force tighten its self-help procedures for obtaining routine replacement parts since this 1983 study? Is there now a tracking system in place to alert you when certain family housing units are getting more than a reasonable share of their parts?

Mr. McCoy. Sir, I am not familiar with that specific report. We will look into it if we don't have the information here today.

Let me ask General Ellis if he is aware of a specific tracking or followup of that audit which we are undertaking.

General Ellis. Senator Proxmire, we watch very carefully the parts that go into family housing for self-help efforts by our people. We need to be careful that we don't create ourselves a tracking system that is much more expensive than the parts that we are delivering, so we balance those two.

Typically, what happens now is that if there is a key in the computer distribution that points to a specific house or a specific set of quarters or to a specific person, it will key us to any potential misuse and then we will physically go look and see if the parts are being used in the correct way.

But the assessment is that after looking at many, many houses and watching the self-help efforts that people do to their own houses, that the cost associated with any minimal loss that we have is so far exceeded by the amount of effort that the people put into their own quarters that it becomes less and less worrisome for us.

SELF-HELP MAINTENANCE PROGRAM

Senator Proxmire. Well, General, the GAO met that particular objection, it seems to me, head on regarding the occupant responsibility in the upkeep of military family housing. They suggested that each branch of the service conduct a cost-benefit analysis of the self-help maintenance program.

Have you done that? Has that been done yet? It was suggested by the General Accounting Office.

General Ellis. I do not believe so, sir.

Senator Proxmire. Why not?

General Ellis. I do not know the answer to that, sir.

Senator Proxmire. What is that?

General Ellis. I do not know the answer to that.

Senator Proxmire. Can you find out for the record and give me whatever you can?

General Ellis. Yes, sir; I would be happy to.

[The information follows:]

SELF-HELP FAMILY HOUSING PROGRAM

The Air Force has evaluated and analyzed the cost and benefits of its family housing self-help program. The self-help program provides both tangible and intangible savings and benefits. The tangible benefits include reducing the number of service calls for minor repair releasing costly skilled labor for more complicated tasks. Although actual savings cannot be tracked without implementation of a costly and complicated accounting system, the response of the housing occupants has been overwhelmingly positive. Furthermore, new procedures have been implemented to prevent the perceived abuses of the past.

WHOLE-HOUSE REVITALIZATION

Senator PROXMIRE. I have one final question, Mr. Chairman.

Mr. McCoy, I understand you stated that more than one-half, some 80,000 units of the Air Force's family housing units, are in need of whole-house revitalization. How is it that this many units are in need of critical repair work after so many years of operation and maintenance support, and do we not have anything at all to show for the O&M funds that have been previously appropriated in that area?

Certainly, that many units cannot be in need of such repair if routine maintenance had been carried out as it should have been?

Mr. MCCOY. Sir, we find that the houses, except for a very small number, are in good condition, good, stable condition in terms of the occupancy to date, and we believe the moneys have generally been well spent. When we talk about whole-house revitalization, we are referring to, in fact, functional obsolescence more than we are in certain old energy systems that would be probably wise to replace.

In other words, if you take a look at some houses that were built, say, here in Northern Virginia in the 1950's, you will find that there may be three bedrooms, 1½ baths, very small kitchen, no closet space, no carport, no garage. So, you find a house for a family today is really—while the house as it was built is OK, it is sort of functionally obsolete and that if we were able to make a capital expenditure we could obtain a much better quality of life for our people as well as cut down on future O&M expenditures because of the new systems and perhaps a new stove or refrigerator, things of that sort that would go in those houses.

So, it is that kind of thing as opposed to the houses themselves just being completely, you know, on the rocks so to speak. We do not have but a few of those. The few we do have, mainly because of their location in northern tier States, SAC bases and things where the weather is so hard on them that they have just really been—even with a lot of maintenance have just been run down over the years.

Senator PROXMIRE. Thank you very much, Mr. Chairman.

CLARK AFB, PHILIPPINES

Senator SASSER [presiding]. Thank you, Senator Proxmire.

Gentlemen, you are currently programming for construction at Clark Air Force Base in the Philippines for the next 5 years. Now, there is general agreement, I think, that we all want the Aquino government to

succeed, but there is some question as to what is going to happen in the Philippines and there are reports that the Communist insurgency there is gaining strength.

In view of that potential, do you believe it is wise to be planning new missions at Clark Air Force Base in the Philippines?

Mr. McCoy. Sir, we believe that it is in our best interest. Of course, a number of these projects are spread over a number of years, and we hope that by our show of confidence that goes to support our own forces, we will extend the psychological strength of the Aquino government and the Philippine military which, as you know, has very close links to our own military.

It will give them the confidence to make the changes necessary and to improve their own discipline and fighting elan and esprit. We also, of course, find that base particularly key, along with Subic, to our general presence and interest for deterring Soviet expansion in the Asian area.

We find that this is a real success story. We have not been able, as you know, to do quite as much as perhaps we would all like in the way of foreign military aid and the like to the Philippine Government forces, and I think that while they are in their slow and careful buildup phase and perhaps absorbing new equipment and things of that sort, that our own efforts to make it clear we are there in a very forthright, first-class, serious military way, that really is going to go a long way toward helping the entire government structure cope with that insurgency.

OPPOSITION TO ACCOMPANIED TOURS IN PHILIPPINES

Senator Sasser. Of course we have been there now through four wars: World War I, World War II, the Korean war, and Vietnam. I think it ought to be readily apparent that we do not intend to desert either Subic or Clark Air Force Base.

The flip side of that, from my point of view, is that I think it may give the Philippine military a sense of false confidence that we are going to continue to build there no matter what happens internally in the Philippines and not to worry, if you cannot handle the NPA, why we will just use our own troops to handle them because these bases are so valuable to us that we are simply not going to lose them.

I would not be surprised if that situation gets into a marginal stage where some administration officials on down the line might make that proposal, of going the route first of more advisors to the Philippine Army, and we are all familiar with that scenario. It may be in the national interest to do that. I do not know.

I am not making a judgment on that, but I am simply saying that, to spend $110 million for family housing construction at Clark over the next 5 years, given the instability of that situation from both public reports and intelligence reports is questionable. I do not think we ought to be spending money to promote accompanied tours into that area under the present circumstances.

Do you have any reaction to my statement of building more facilities for accompanied tours in this unstable situation, Mr. McCoy?

Mr. McCoy. Sir, as you know we have a good number of accompanied tours over there now, so it is more in the nature of providing an adequate place to live than it is either security for the people that are there, although the security situation is becoming a little more tenuous, or switching to accompanied tours.

The people in the Philippines are living in some less than adequate and dire circumstances in terms of those that live on the economy. This is a big investment, and I think the point you make has to be watched very carefully, that we do enough to give people confidence but not so much that they think—that they become psychologically dependent on us and think we can do the job for them.

As we all know, in the countries where we have had successes helping our allies defeat insurgencies and invasions such as Korea and Greece after World War II, and in some other countries, we have had some successes that have followed a certain formula and some areas where we have had some failures a large part of that has been a psychological dependence which develops.

So, I think that we are following the pattern to the good, including somewhat the pattern we followed with helping the Philippines put down the Huk rebellion in the early 1950's and I think that we need to be cautious about that and make sure the Philippines understand that they have to mobilize themselves and they have to address this problem across the board in every diplomatic and economic and political and military realm, that it is not just a military solution for them or for us in most of these circumstances and that we can only do so much.

We are not going to try to big brother them and they should not expect it.

TACAMO FACILITY

Senator Sasser. Let me move on to the Tacamo facility. The Navy has requested approval to proceed with design of the facilities to support the beddown of the new Tacamo aircraft at Tinker in Oklahoma.

The subcommittee has placed a hold on facility design pending resolution of a number of issues, and among the issues is the feasibility of putting this mission at Tinker Air Force Base. What does the Air Force say about deployment at Tinker of the Tacamo aircraft?

Do you support it or not?

Mr. McCoy. Sir, we are in a position, as we dealt with the Navy and the Joint Chiefs of Staff and OSD, that we said we understand there is a national mission here which is critical to the Nation, the connectivity to the submarine launch ballistic missile carriers, and that we would make available, as needed, the base that is best able to accommodate it.

So, we sort of opened our hearts, as it were, and said for the Navy to look around and they came back and said, after they had worked the matter with the JCS, that they want to follow the concept of one central main base and two forward operating locations on each coast.

This is different from the procedure they follow now where they have two main operating bases on each coast mainly because the aircraft they are going to use have much longer legs than the current C–130 Tacamos.

We said, you do the analysis. It is your money. It is your mission. It is your program, and we will cooperate in every way possible. We have been supporting and cooperating with that which has been decided on by the Navy and the Office of the Secretary of Defense.

ADDITIONAL FACILITIES AT TINKER AIR FORCE BASE

Senator SASSER. So, the Air Force is taking more or less a neutral position on it, and there has been concern expressed that Tinker simply cannot absorb the new Navy mission without overcrowding community support facilities, family housing, the officers club, the laundry, et cetera.

Is that a concern of the Air Force, and are we going to see some reprogramming for additional facilities there at Tinker, using the Navy deployment as justification for it?

Mr. MCCOY. Sir, we do find that there is a bill to pay there, both for building the things that the Navy needs, hangars, ramps, the mission type things, as well as the additions and alterations to community support facilities. We expect that they will be included in the Navy budget because that is our agreement with the Navy. We hope that the Navy requests will find support in the committee so we do not end up in a situation where the Navy comes on the base and we have overcrowding and our people end up suffering.

Of course, the Navy people would suffer too in that situation.

Senator SASSER. Well, the General Accounting Office has indicated to the subcommittee through a briefing that the facility construction support and the Tacamo beddown could be accomplished at Little Rock Air Force Base for a fraction of the cost at Tinker Air Force Base in Oklahoma. Would the Air Force oppose Little Rock as a Tacamo beddown base?

Mr. MCCOY. Sir, we would not oppose Little Rock per se, or any other base that would suit the requirements of the mission or the wisdom of saving. We are aware of the GAO report and aware that there are a number of different ways to assess the cost and we are not absolutely sure which set of numbers or which analysis is the best from the standpoint of being the most accurate.

We are obviously not neutral when it comes to wasting taxpayer money, but at the same time we are not in a position to make the judgment about the nature of mission which basing requires and do all the detailed examination of the numbers because it is a Navy program, a Navy mission with national and OSD interests.

We have, as I said, stood ready to cooperate and certainly we will continue to cooperate with the Navy in any way we can. We are glad to help the Navy beddown anywhere that they, OSD, and the Congress, choose to have it bedded down.

Senator SASSER. Essentially, Mr. Secretary, the Air Force is simply taking a neutral position on this and you are taking the view that you are going to cooperate with the Navy and, wherever they want to put it, the Air Force will seek to cooperate?

Mr. MCCOY. Yes, sir; it causes us some bit of disruption and dislocation, probably at any Air Force base, but we are going to try to help regardless. We are in effect taking a somewhat neutral position. Actually, I believe it is more of a cooperative and supportive attitude rather than a neutral attitude.

But we are certainly looking at all the facets and we have made known to the Navy the pros and cons as we see it at various bases and what it would take Milcon-wise to bed down. We are leaving it at that.

CORRESPONDENCE

[CLERK'S NOTE.—Subsequent to the hearing, Secretary McCoy sent the following letter to the subcommittee and asked that it be included in the record.]

LETTER FROM TIDAL W. MCCOY

MAY 6, 1987.

Hon. JIM SASSER,
Chairman, Subcommittee on Military Construction,
Committee on Appropriations, U.S. Senate, Washington, DC

DEAR MR. CHAIRMAN: As I reviewed my testimony before your committee on April 1, 1987, I realized that my statement on the beddown of the Navy's E-6 Tacamo aircraft at Tinker Air Force Base was not as clear as I had intended. The Air Force is definitely not neutral on the proposal, but, instead, we fully support the proposed beddown at Tinker Air Force Base. Our only conditions have been that it be done without cost to the Air Force and without any significant disruption to ongoing Air Force operations. We have been assisting the Navy in identifying all of the construction requirements and in developing the necessary phasing to include interim deployment alternatives.

I would very much appreciate the inclusion of this amplification of my testimony in the hearing record. I thank you for your consideration of this request.

Sincerely,

TIDAL W. MCCOY,
Assistant Secretary of the Air Force (Readiness Support).

INVENTORY REPLACEMENT COSTS FOR FAMILY HOUSING

Senator SASSER. I yield now to Senator Proxmire.

Senator PROXMIRE. I just have one more question, Mr. Chairman.

Secretary McCoy, in 1983 the General Accounting Office made certain recommendations to the Department of Defense to cut the inventory replacement costs for family housing. Can you provide me with some figures as soon as possible on the inventory of replacement parts for family housing over the last 5 years, that is, since the beginning of 1982. If the Air Force has followed the recommendations of the GAO, then those inventory levels should be decreasing, saving tax dollars, and we may be able to save a lot of money in that area.

Mr. MCCOY. Yes, sir; we will provide that. As I understand, that is not the inventory of the housing itself.

Are you referring to the inventory of the housing itself?

Senator PROXMIRE. The inventory of replacement parts for family housing.

Mr. MCCOY. Yes, sir; we will look into that and find out what audit followup and tracking we have done for you and provide that for the record.

Senator PROXMIRE. Thank you very much.

[The information follows:]

SELF-HELP INVENTORY DATA BASE

An Air Force wide self-help inventory data base does not exist and the establishment of one would be a complicated and expensive undertaking of limited utility. Self-help stores provide materials for maintenance, repair, and approved quality of life improvement projects. Self-help stores stock a wide range of materials for quality of life improvement work not just housing replacement parts. Inventories are tailored to each base's specific needs and managed at the local level. Material control systems are in place to monitor proper use, accountability, and control of the inventory. The revisions of Air Force regulations and policies in response to the GAO report has curbed past abuses. For example, materials which can be used to repair occupant damage at Government expense are no longer provided and materials are issued only for approved improvement projects that are monitored and inspected.

SUBMITTED QUESTIONS

Senator SASSER. Thank you, Senator Proxmire.

I want to thank Secretary McCoy and the other witnesses for appearing here this morning.

I apologize for the delay during the hearing to take care of the vote. You might be interested to know that the effort to override the President's veto failed by one vote, but the majority leader has made a motion to reconsider which is now pending, and I expect there is a lot of heavy breathing going on over there at various and sundry locations.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Reid

NELLIS AFB

Question: Another Important priority for me is the jet engine maintenance shop at Nellis. This project was downgraded over a million dollars after the decision to deactivate the 474th tactical fighter wing was made due to an anticipated decrease in workload. If the 474th stays on at Nellis, will the downgraded version of the jet engine maintenance shop be able to handle the workload at the base?

Answer: If the 474th TFW stays at Nellis, the scope of the Jet Engine Intermediate Maintenance project will need to be increased to handle the additional maintenance requirement.

Question: What percent of the design of the original version of this project, that is before it was downgraded, is complete?

Answer: The original version of the project was 60 percent designed before it was downgraded.

AIR FORCE ACADEMY

Question: As I understand, the Air Force Academy has a budget of over eight million dollars in FY 88. This kind of expansion concerns me. The Academy already has an activities center. What additional functions will be possible with this addition that are not already possible and justify spending six million dollars?

Answer: The Cadet Activities Center is a combined student union, theater, and social activities center, and is the site of nearly all formal and informal social activities/training of the Cadet Wing. Since the cadet area is geographically isolated from the Colorado Springs community, this facility is extremely important to the Academy, especially the freshman and sophomore cadets who are prohibited from owning cars. Freshman cadets, in particular, spend most of their time restricted to the cadet area.

The original facility was built in the late 1950s when the Cadet Wing strength was 2,400 cadets. At that time, square footage per cadet was 60 square feet, and the cadet activities staff was located in other Academy buildings. Three events occurred which significantly reduced the space allotted for cadet activities. First, the Band was moved into the Cadet Activities Center and, although this was originally intended to be temporary, it became a permanent arrangement due to general space limitations in the overall cadet area. Second, Congress in 1964 authorized a new Wing strength of 4,417 cadets. Most of the Academy's facilities, however, did not expand enough to absorb this increase. Although the north end of the Cadet Activities Center expanded in the 1960s, the space per cadet after expansion was significantly reduce to 40 square feet per cadet. Third, the cadet activities staff moved into the Cadet Activities Center to ease space limitations in other parts of the Academy which further restricted the space available for cadet activities.

Although there was some expansion in the last 30 years, it was hardly adequate to support increased demand for use of the facility.

In 1984, the Cadet Activities Center was a $13 million, 99,000 square foot MCP project. The Academy staff worked diligently to refine the requirements because we knew Congress would, and fairly so, critically review this project. Today, it is a $6.1 million, 61,950 square foot project that represented the minimum requirements. The project will add 42,400 square feet for a new freshman lounge, a new Band area which will reclaim space in the theater and storage areas, and add additional conference room space to support the activities of 75 cadet clubs. Again, the freshman lounge is important because these cadets are prohibited from fraternizing with upperclass cadets, and the present lounge has space to support only 400 of the 1,400 freshman. The MCP project also renovated 15,100 square feet of existing space, which mainly reclaims the space vacated by the Band for theater dressing, storage, and work rooms. Upon completion, space per cadet will be 48 square feet, which is comparable to conditions at the equivalent West Point facility.

Question: The facility includes a ballroom. How many times a year do you anticipate that the ballroom will be used?

Answer: The ballroom was included in the original 1950s construction, and has never been expanded. Also, ballroom expansion is not part of this MCP project. The ballroom is used for 10-15 formal functions per year (balls, dances, receptions) with an average attendance of 1,500 to 3,500 people. One or two Sunday socials are held for cadets in the ballroom each month during the academic year (10-12 per year), with an estimated attendance of 150 per social. The ballroom also is the site of 8-10 distinguished visitor receptions, distinguished speaker functions and/or retirement ceremonies per year with an average attendance of 500. Also during the school year, the ballroom is the site of 8-10 organized but less formal cadet entertainment shows or dances. Each of these has an average attendance of 1,000. Finally, several special events, with an attendance between 1,000-2,000 each, are held annually in the ballroom. These include such things as the Colorado Special Olympics events and Cadet Activities Day. Also, the ballroom is used as often as possible for functions other than formal balls; however, the space is one large open rectangular room and is not functional for cadet club usage as most clubs require storage space. The ballroom space is also not functional as office or lounge space without dividing it structurally and reducing its size.

Question: How much time, during an average schoolday, does a cadet have that could be spent in this facility?

Answer: Seniors, juniors, and sophomores (upperclass cadets) in good standing may use the Cadet Activities Center facilities Monday through Thursday from approximately 0800-2000 hours, and freshman may use the facilities from 1900-2000 hours. On Fridays, upperclass cadets may use the facility from 0800-Taps (2300 or 0130 hours if there are no duties on Saturday) and freshman may use the facility from their last military duty (normally 1550 hours) until taps. However, a cadet's available free time to use the facilities is limited by their academic course load (22 credit hours per semester,

average), athletic commitments (varsity and intramural sports, five and two days per week, respectively), and military duties which vary with class and job responsibility. Because of the tremendous workload during the week, an adequate facility for the cadets to use on the weekends is crucial to maintaining their morale.

Question: Another program at the Academy which concerns me is the auxiliary airfield. Exactly what training will be available with this airfield that is not already available?

Answer: The T-41 Auxiliary Airfield will provide a dedicated runway away from the saturated airspace of the Academy's main airfield. Its purpose is to direct traffic away from the Academy to improve safety conditions and cadet training, and there is no intention of expanding the existing flying programs. All seniors entering pilot training upon graduation are required to take T-41 Pilot Indoctrination training as cadets. The program started in 1968 with 50 T-41s based at Peterson AFB. In 1974, the aircraft were moved to the Academy, and T-41 operations in 1974-78 supported training of 750 cadets per year from two parallel runways, Monday through Friday. The west runway was released to other airmanship programs (glider, powered glider, parachuting) after 1530 hours each weekday. In the early 1980s, the airmanship programs expanded to the point that the main airfield now supports one of the largest visual flight rules (VFR) and glider operations in the world. All sophomore cadets (over 1,200) are required to participate in glider soaring flights, and the main airfield experiences 300,000 operations per year. The present situation is that T-41 traffic of 100-120 sorties per day are limited to one runway while other aircraft such as gliders are restricted to operations on the other. Consequently, safety conditions due to traffic pattern saturation at the main runway have been documented as serious deficiencies in a 1981 HQ USAF Inspector General Report, a 1982 Strategic Air Command Staff Assistance Report, a 1984 Air Force Academy Management Effectiveness Inspection, and in a 1984 HQ USAF Safety Follow-Up Inspection. The Academy also experienced a mid-air collision between two T-41 aircraft on 3 March 1987. Fortunately, there were no injuries and both aircraft landed safely with only minor structural damage. However, this incident could easily have turned into four fatalities and the total loss of two $100,000 aircraft.

The Academy presently leases the Bighorn Auxiliary Field; but its dirt strip, rising terrain around the field, inadequate telephone service, and high pressure altitude conditions in the summer limit its use for T-41 operations. Other local area airfields, such as the Colorado Springs Municipal Airport and Butts Army Airfield, cannot accommodate our training requirements. A new auxiliary airfield is desperately needed to alleviate the congestion at the main airfield and to be able to support 120,000 operations per year. Congress has already supported this effort by appropriating $230,000 for land acquisition in the FY87 Military Construction Bill.

Question: I would appreciate it if you would provide me with the military construction program at the Academy for the next five years.

Answer:

Auxiliary Airfield
Crash/Rescue Fire Station
Add/Alter Cadet Activities Center
Add/Alter Base Civil Engineering Facility
Unaccompanied Enlisted Personnel Housing
Add/Alter Cadet Housing
Add/Alter Community Center Gym
Consolidated Education and Training Facility
Alter Unaccompanied Enlisted Personnel Housing

Question: Provide a list of the 1,500 functions supported annually in this facility, the number of people at each function and the amount of time each function takes.

Answer:

QTY	FUNCTION	#/PEOPLE	HOURS
10-15	Balls, Formal Functions/Dances	1,500	4
8-10	Ballroom Informal Entertainment Dances	1,000	2-3
8-10	Ballroom Distinguished Visitors, Receptions, Retirements	500	2
10-12	Ballroom Cadet Sunday Socials	150	2
5	Ballroom Special Events	1,000-2,000	4
16	Cadet Fashion Shows	300	1
59	Disco Lounge Entertainment (not live)	250	4
20	Disco Lounge Entertainment (live)	300	2-3
43	Squadron Pizza Parties	100	1-2
40	21 Club (Disco Lounge)	150	2
6	Allied Arts Concerts (Major Entertainers)	2,000	2
146	Movies - AAFES-run, in Theater	120	2
6	Major Cultural Performances	1,000-1,500	2
300	Official Briefings in Theater, Command Support, Etc	100	1
240	USAFA Band Practice (Theater Stage)	55	2
190	Open Breakfasts (Pay as you go)	15	1
292	Open Lunches (Pay as you go)	300	2
100	Meetings in Richter Lounge	150	1-2
292	Open Dinners (Pay as you go)	100	1
50	Distinguished Visitor Lounge Functions	20	1
75	Fourth Class TV Room Meetings	40	1
270	Fourth Class TV Room Daily Leisure Viewing	40	2
80	Upper Class Lounge - 21 Club	50	4
85	Upper Class Lounge Meetings/ Briefings	70	1-2
117	Upper Class Lounge TV Viewing	24	2
12	Recreation Complex, Daily Visits	20	6
363	Arnold Hall Lobby (Visits by Tourists, Etc.) (summer) (non-summer)	330 50	1
100	Organized Dinner Functions	125	2

Question: Provide the daily schoolday schedule for a freshman, sophomore, junior and senior cadet.

Answer: Daily schoolday schedule is virtually the same for all four classes. Typical daily schedule, Monday through Friday is:

0600	Release from Night Call to Quarters
0630	Reveille/Accountability Formation
0630-0655	Early Breakfast for Cadets with Morning Exams
0655-0725	Church Worship (optional)
0655-0750	Universal Examination Period
0730-0800	Breakfast (Buffet Style)
0800-0850	1st Period Class
0900-0950	2nd Period Class
1000-1050	3rd Period Class
1100-1150	4th Period Class
1205-1215	Noon Meal Formation
1215-1250	Lunch
1300-1350	5th Period Class
1400-1450	6th Period Class
1500-1550	7th Period Class
1600-2000	Intramural Sports/Individual Time (Alternate Days)
1700-1905	Evening Meal (Buffet Style)
2000-2300	Academic Call to Quarters (mandatory study time)
2300	Taps/Lights Out
SATURDAY	
0600	Release from Night Call to Quarters
0630	Reveille
0700	Room Inspections/In-ranks Inspection/Individual Inspections
0730-1000	Breakfast (Buffet Style)
1000-1130	Parade/Military Training
1130-Taps	Individual Activities Time
SUNDAY	
0600-2000	Individual Activities Time
2000-2300	Academic Call to Quarters (mandatory study time)
2300	Taps/Lights Out

Question: What is the maximum allowed occupancy of the existing facility?

Answer: The allowed occupancy is 2,900 people in the theater, 4,650 in the lounge/office areas, and 2,142 in the ballroom for a total maximum occupancy of 9,692. Alterations to the theater and ballroom areas are not viable alternatives to creating additional space for the freshman lounge and the Band.

Question: Just exactly what types of dances do the cadets learn in the ballroom?

Answer: Cadets have opportunities to learn ballroom dance steps during the school year. Organized classes are held prior to many of the formal balls, and cadets are afforded the opportunity to practice those skills during the formal and informal dances. The combination of organized dances and

actual practices at social events gives cadets the exposure and training they will need to meet their social obligations as Air Force officers.

Multimegawatt Nuclear Power Plant Program

Question: Finally, a few questions on the Multimegawatt Nuclear Power Plant Program. It has been reported in sources as reliable as Monday's New York Times that this program which will provide for backup energy in the event of a protracted nuclear war could cost as much as twenty billion dollars in the long-term. Is that true, twenty billion dollars?

Answer: The Air Force had made no estimate of future program cost. We wanted to proceed with preliminary design to verify cost and other data before deciding to proceed further. Additionally, we had not decided how many, if any, plants would be built.

Question: Is it true that the first prototype for this project will cost $175 million to construct?

Answer: The total estimated contract cost for design and construction of the first plant was $175 million.

Question: Funding for this program is being split 50-50 between the Department of Energy and the Air Force. Why is the Air Force even paying for half of the project which should be funded through Department of Energy Research and Development funds?

Answer: The Air Force was proceeding in a manner which may have resulted in construction of an operational, state-of-the-art plant if evaluations during all of the design phases were favorable. The plant would have been located at an active Air Force installation to provide secure and reliable energy for its critical mission requirements. We were, therefore, proposing to share the design costs with the Department of Energy on a 50-50 basis using Military Construction Program funds. Cost of construction was to be shared on a basis to be determined at a later date.

Question: I understand that it is not until $24 million has been spent on the preliminary design phase of these nuclear reactors that the Air Force will undertake a generic environmental impact statement and cost analysis of other alternative energy sources. Why weren't these other energy alternatives fully explored before the $24 million was required?

Answer: The Air Force had intended to complete a generic environmental impact statement and life cycle cost analysis of other alternative energy sources concurrently with the preliminary design phase. The technical, safety, environmental and cost data acquired during preliminary design were necessary inputs to these other activities.

Question: Many questions remain unanswered. For instance, we do not even know how the construction costs for the MTP will be split between the Air Force and the Department of Energy. Why didn't the Air Force bring a master plan for this project, including a detailed cost analysis, environmental impact statement, and study of the alternatives, to Congress before asking for funding?

Answer: The Air Force wanted to complete preliminary design to better ascertain technical, environmental, safety and cost data. This information, along with a concurrent generic environmental impact analysis and life cycle cost analysis of other energy sources, would have enabled us to thoroughly evaluate the merits of the MTP prior to deciding whether or not to proceed further. As stated in the letter accompanying our 10 U.S.C 2807 notification, we would have informed the Committee if our review of the preliminary design and related support work was favorable and a decision was made to continue through final design.

Question: This project is a result of Air Force analyses that determined a need for more reliable energy sources for readiness, deterrence, and protracted nuclear war. Could you provide copies of these reports?

Answer: The vulnerability of commercial power systems to disruption from various natural and man-made causes and the potential for shrinking reserve capacity were cited by several studies. They were a General Accounting Office Report to Congress (Federal Electrical Emergency Preparedness is Inadequate, EMD-81-50, May, 1981) and a Department of Energy Report (The Future of Electric Power in America: Economic Supply for Economic Growth, June, 1983). Additionally, a preliminary study prepared by MRJ, Inc. (Air Force Long Range Energy Plan, HQ AFESC Report DEB-TR-85-01, February, 1985) indicated a need for extended on-base energy self-sufficiency, and identified nuclear as a viable technology. Pertinent extracts from these reports are provided for your information.

Please note the conclusions and recommendations in these reports should not be interpreted as the Air Force position on energy security at our installations. We are presently accomplishing Energy Vulnerability Assessments at our bases to better evaluate and identify the need for secure and reliable power to satisfy our mission requirements.

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Federal Electrical Emergency Preparedness Is Inadequate

If saboteurs, terrorists, or an ememy attacked the Nation's electric power system, would the Federal Government be prepared to handle the resulting energy disruptions?

Probably not, because the Department of Energy has failed to prepare required electric emergency preparedness plans. A national plan to cope with the problems caused by a loss of electricity--which would virtually halt communication, transportation, and distribution systems--is essential, because utilities and the States cannot be expected to deal with such emergencies on their own.

The Department of Energy should work with the utility industry, the States, and the Federal Emergency Management Agency to develop and maintain detailed electrical emergency plans.

EMD-81-50
MAY 12, 1981

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

FEDERAL ELECTRICAL EMERGENCY PREPAREDNESS IS INADEQUATE

D I G E S T

The Federal Government is not now prepared to handle a long-term national or regional disruption in electric power, from an act of war, sabotage, or terrorism. Inadequate preparedness for such emergencies is not new. About 3 years ago, the Congress found that Federal programs dealing with electrical power emergencies were deficient.

The consequences of such a power outage are staggering. Electric power is essential to maintaining the Nation's military readiness. Without adequate or reliable power, most industrial activity would be disrupted. Power outages can disrupt the operation of computers, commercial business, water and sewage treatment plants, mass transit and traffic control systems, as well as many other aspects of life.

In the United States, electric power is generated by some 3,500 utility companies, sent over thousands of miles of high voltage transmission lines, and distributed over low voltage feeder lines to end users. The system is a highly complex, interconnected industry network covering the United States and parts of Canada.

Electric power systems are highly dependable, but are very vulnerable to disruptions from acts of war, sabotage, or terrorism. In the region GAO looked at:

--An attack on just eight substations could disrupt power to the entire region for a long time. (See p. 8.)

--Damage to just four substations could disrupt power to one city for up to a year. (See p. 8.)

--Damage to just one substation could leave a key military facility without power. (See p. 8.)

Because of the complexity of the Nation's electric system, it is essential that the Federal Government play a central role in emergency planning. The Department of Energy is responsible for preparing national emergency plans and preparedness programs covering electrical power generation, transmission, distribution, and utilization. The Federal Emergency Management Agency is responsible for setting policy and coordinating all civil defense and emergency planning, mitigation, and assistance functions.

Federal leadership for electrical emergency planning and preparation is unorganized and ineffective. GAO found:

--DOE has an inadequate program for dealing with major electrical disruptions. In fact, its Emergency Electric Power Administration, tasked with these responsibilities, is insufficiently staffed and widely decentralized. "Barely alive" is how one official described the organization. (See p. 13.)

--Emergency Electric Power Administration representatives are unsure of their status, roles, authority, and responsibility, and they are doubtful that the organization could operate during an emergency. (See pp. 13 and 14.)

--DOE does not have adequate plans to manage and mitigate electric power disruptions. (See pp. 15 and 16.)

--Emergency plans to manage such disruptions and restore the power system, are needed. (See pp. 16 to 18.)

--Problems exist in Federal coordination with respect to electric emergency preparedness. (See pp. 18 and 19.)

Because of the severe consequences of electric power disruptions, the Government must be concerned with the management and recovery of the Nation's power system during major emergencies resulting from war, sabotage, or terrorism. It is essential that electric emergency plans be developed beforehand so they can be quickly activated to allow officials to make difficult decisions in the midst of confusion. Once an electric emergency occurs, it will be too late to make preparations. Without prior planning, the Government will be deprived of the benefit of prudent thought and study.

RECOMMENDATIONS TO THE SECRETARY OF ENERGY

The Secretary of Energy should carry out his responsibility for electrical emergency preparedness by

--providing adequate resources to the Emergency Electric Power Administration,

--acting as leader and working with the utility industry, other Federal agencies and States to develop and maintain detailed electrical emergency plans, and

--developing national/regional plans for electrical emergencies which will (1) enable power disruptions to be managed through established priorities for curtailing power by use and type of customer and (2) assist the utility industry in restoring power in the event of severe damage to the electric power system. (See p. 22.)

RECOMMENDATIONS TO THE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY

The Director of the Federal Emergency Management Agency should

--actively monitor DOE's efforts to vitalize its emergency electric power program and develop associated plans,

--require progress reports from DOE, and

--actively assist, support, and coordinate DOE's efforts especially with respect to other Federal agencies. (See p. 23.)

RECOMMENDATIONS TO THE CONGRESS

Inadequacies in electrical emergency preparedness have not been corrected after 3 years. If DOE's comments on this report indicate it will not develop national/regional plans for electrical emergencies, then GAO recommends that the Congress enact legislation requiring that appropriate plans be developed by a specified date. (See p. 23.)

AGENCY COMMENTS

GAO provided copies of the draft of this report to the National Electric Reliability Council, the Federal Emergency Management Agency, and DOE. The National Electric Reliability Council and the Federal Emergency Management Agency agreed with the report's recommendations. DOE, however, said that the report fails to distinguish between non-defense and defense related emergencies, and therefore, is misleading. GAO disagrees with this contention because the report addresses electrical emergencies which have national impact and reflects the status of DOE's efforts as required under legislation and Executive order. (See pp. 23 to 27.)

Report of the Electricity Policy Project

The Future of Electric Power in America: Economic Supply for Economic Growth

June 1983

U.S. Department of Energy
Office of Policy, Planning and Analysis

VII. GENERAL CONCLUSIONS

The fact that electric power supply in the U.S. has for decades been a model of reliability and efficiency does not ensure the industry's ability to continue to provide adequate future supplies at minimum cost. The past decade has been a period of tumultuous change for the industry, its regulators, and the consumers of electric power and has increased confusion, anxiety, and even hostility among all parties.

The substantial conservation of electricity which has occurred since the early 1970s has deferred the day of reckoning in electric power. But the current excess of reserve capacity is likely to disappear by the end of the decade and leave utility managers and regulators in the difficult position of having to decide whose interests to protect.

77-710 - 88 - 16

The institutions which produce and regulate electric power have had a difficult time adjusting to the post-embargo economics of electric power. They have been forced into the tortuous process of trading-off the interests of various parties, such as consumers and investors or different classes of consumers, in a process which has increasingly de-emphasized the long-term economic consequences of today's decisions. In this contentious regulatory environment, assurance of sufficient long-term electric supplies and improvements in economic efficiency have become issues which are subordinated to near-term issues of price and equity--who pays what part of today's increasing cost. If this situation continues, the inevitable result is likely to be a less reliable, higher-cost electric system. Given the increasing importance of electricity as part of our nation's energy infrastructure, such a decline would have ominous implications for national economic growth for the remainder of this century.

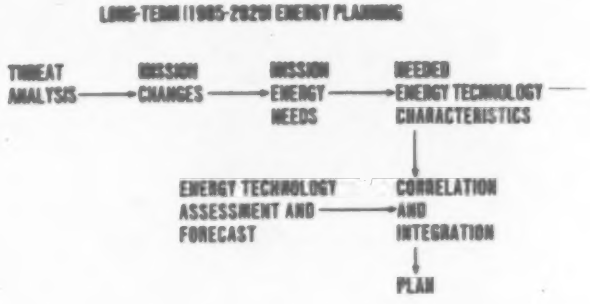
We recognize that there is a diversity of views and circumstances within the industry as well as among state and local jurisdictions which have regulatory authority over the electric utility industry. For that reason, the conclusions in this report are intended to provide a springboard for discussion and debate on the critical issues affecting electricity in this country. Such a discussion must recognize the uncertainties inherent in our economy and the strong role that state and local governments have traditionally played in resolving these uncertainties in connection with the regulation of electric power. A healthy diversity of perspectives on electricity issues is essential if the industry, the general public, and the regulators are to be adequately prepared for the challenges that lie ahead.

AIR FORCE LONG RANGE CONCEPTUAL ENERGY PLAN (U)

EXECUTIVE SUMMARY

• (U) The objective of this work was to provide a conceptual long-term (1985-2020) energy plan for energy security for USAF installations.

• (U) The scope of the work and the approach used are summarized in the following flowchart:



• (U) Threat information and mission change information was acquired from documents supplied by the Air Force or was acquired by the contractor from site visits to various offices in the Air Force as well as FEMA (Federal Emergency Management Agency), OSD (Office of the Secretary of Defense), OJCS (Office of the Joint Chiefs of Staff), OSTP (White House Office of Science and Technology Policy), DOE (Department of Energy), and elsewhere, encompassing peacetime needs, wartime needs and threats to commercial supplies, ABS (air base survivability) and RRR (rapid runway repair), C^3, emerging point-defense weapons such as DEWs (directed energy weapons) and and KEWs (kinetic energy weapons) and future aerospace energy needs.

• (U) The threat and mission-change information was then used to define mission energy needs and needed energy technology characteristics.

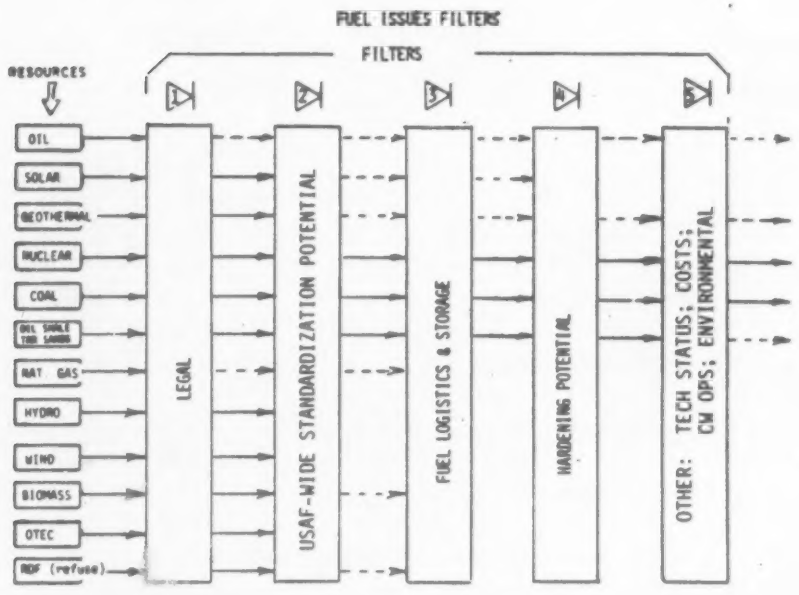
• (U) In parallel to the above items, information on status and forecasts was gathered on eight prime energy source technologies: 1) oil, 2) coal, 3) nuclear, 4) natural gas, 5) liquid hydrocarbon synfuels, 6) biomass (e.g., wood), 7) RDF (refuse derived fuel), and 8) hot dry rock geothermal. Other items such as solar, wind and OTEC were not considered on the basis of previous work done by and for the Air Force. Six energy storage technologies were also considered: 1) superconducting magnetic energy storage, 2) lead acid batteries, 3) advanced batteries, 4) fuel-cells/ electrolyzers (H_2), 5) flywheels, and 6) compressed air storage. Information sources included site

visits to DOE, JPL (Jet Propulsion Laboratory), various Air Force offices, and open literature including review of 1449 abstracts from the DTIC (Defense Technical Information Center), NTIS (National Technical Information Service), and DOE RECON systems, and review of numerous papers and reports (also including relevant previous USAF sponsored work), plus textbook material and selected meetings with vendors.

- (U) The USAF's 15-element ILS (Integrated Logistics Support) regulations were also used in assessing the prime source and energy storage technologies.

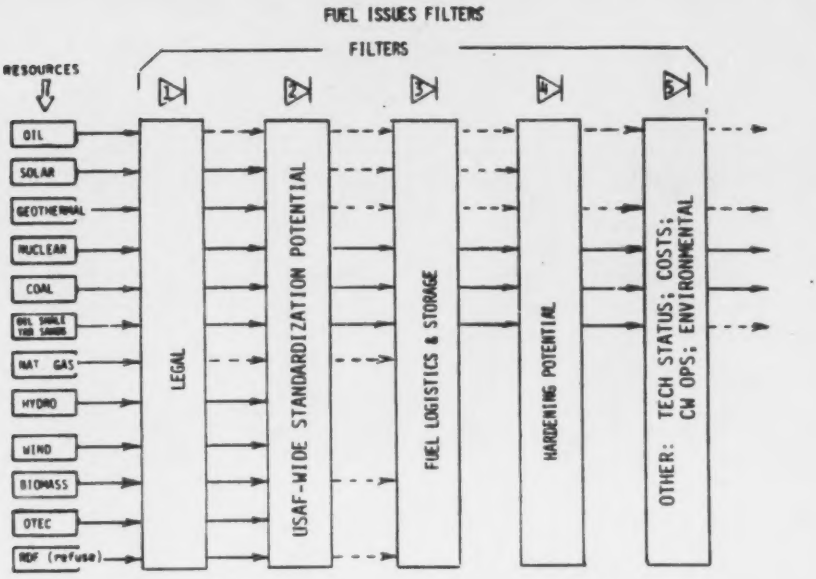
- (U) The above information was correlated and integrated by two methods:

1. (U) Issue filter analysis, as shown here:



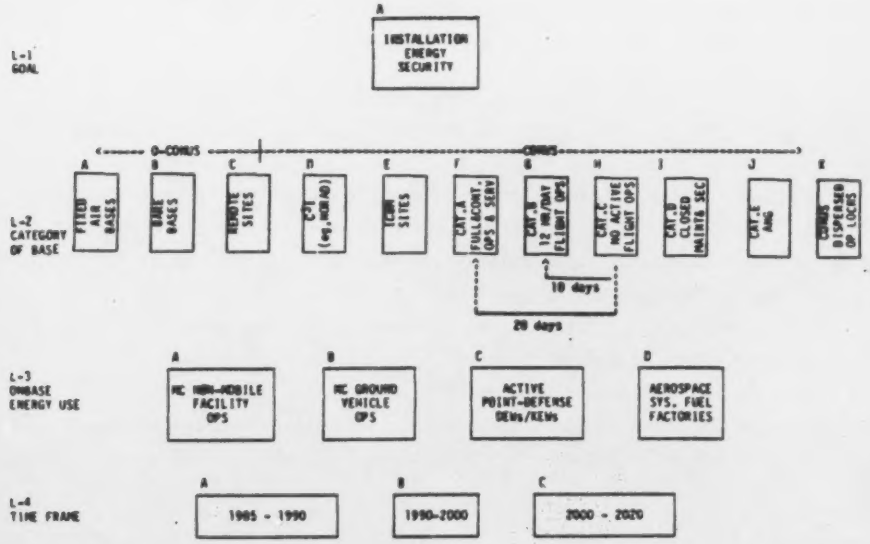
A solid arrow above indicates that the technology made it through the filter; a dashed arrow indicates caveats; no arrow indicates failure to pass the filter.

1. (U) Issue filter analysis, as shown here:

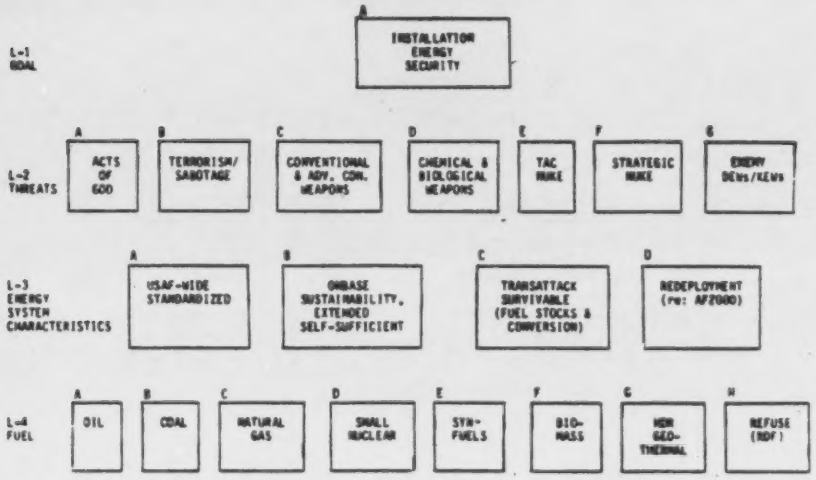


A solid arrow above indicates that the technology made it through the filter; a dashed arrow indicates caveats; no arrow indicates failure to pass the filter.

2. (U) Analytic hierarchy analysis, integrating all of the main issues. The first hierarchy addresses "Where, for What, and When":



The second hierarchy addresses "Threats, Characteristics, Fuel, & Conversion":



Hierarchy analysis enables relative weighting (importance) of each item on a given level to all of the items on the levels above and below it, and relative weighting of each item with respect to the goal.

o (U) Results of the correlation and integration analysis indicate that transattack survivability and extended post-attack sustainability with no off-base fuel logistic tail and no onbase fuel handling are extremely important for a large number of installations in view of current and emerging mission, and to achieve these features that nuclear is the superior option. Characteristics of a desirable nuclear energy system are provided in the report. The second choice would be coal, though for onbase extended self-sufficiency the fuel stocks become large, and there are environmental problems.

• (U) Many soft technologies such as solar and wind are not at all acceptable for survivability and are thus not responsive to energy security needs.

• (U) On-base prime power units should be modular, prefab (factory built), and standardized. The modular criterion is for two purposes: 1) transport of a given unit and 2) modular expandability of generating capacity on a given installation--10-15MWe appears to be an optimum modular size for larger installations. The prefab criterion is for pretesting, quality assurance, economics of scale in terms of number of units purchased (amortizing tool-up costs), and reduction of onbase construction demands and lead times. The standardization criterion is for interbase and intrabase interchangability of operators and spare parts and for simpler training programs.

- (U) For the near-term (1985-1990)

  a. (U) Revisit current USAF energy policy to further emphasize energy security and associated technologies.

  b. (U) Integrate these findings with the annual USAF energy plan.

  c. (U) Acquire one or more advanced-concept power sources for T&E.

  d. (U) Begin conceptual base integration studies on how to integrate prime power sources onto bases.

  e. (U) Begin studies on a standardized line of housing structures: simple surface, cut-and-cover, and surface- or underground-hardened, to be able to house the units in a structure appropriate for the threat profile for a given installation.

  f. (U) Begin detailed studies on cogeneration possibilities.

  g. (U) Expand T&E programs for onbase electric vehicles.

  h. (U) Begin tradeoff and design studies on energy storage devices for peaking power or 'power on demand'.

  i. (U) Track emerging DEW and KEW point-defense technologies and their projected power requirements, and how their implementation for point air defense will reshape USAF installations.

  j. (U) Establish an ongoing threat analysis and tracking program to ensure responsiveness of energy systems to operational needs.

- (U) For the mid-term (1990-2000)

  a. (U) Introduce prime power into as many mission-critical installations as possible--see results of hierarchy analysis for priorities.

  b. (U) Introduce as many electric vehicles as possible.

  c. (U) Begin detailed studies of introduction of H_2/LH_2 production via electrolysis (commercially available technology).

  d. (U) Begin T&E on hydrogen fuel cells for peaking power and for longer range vehicles.

  e. (U) Begin T&E on hydrogen fuel cell vehicles and hydrogen IC vehicles (demonstration units presently exist).

f. (U) Later, expand introduction of such vehicles.

g. (U) Begin energy support of DEW or KEW point-defense technology if/as available.

h. (U) Begin introduction of cogeneration units if/as available.

i. (U) Begin advanced concepts work for onbase prime power sources.

- (U) For the far-term (2000-2020)

a. (U) Continue to introduce prime power sources and cogeneration units.

b. (U) Meet all mission-critical surface ops mobility needs with appropriate H_2-fueled vehicles and electric vehicles.

c. (U) Expand H_2/LH_2 production capability at selected places like Vandenberg AFB so that they will have an onbase supply for rockets and transatmospheric vehicles.

- (U) The above items will accomplish several things with only a prime power source and a source of water onbase:

a. (U) All fixed facility needs (electrical and thermal) will be met onbase with extended self-sufficiency for operational sustainability and with enhanced survivability.

b. (U) All mission-critical surface ops vehicle energy needs (including rapid runway repair) will be met onbase.

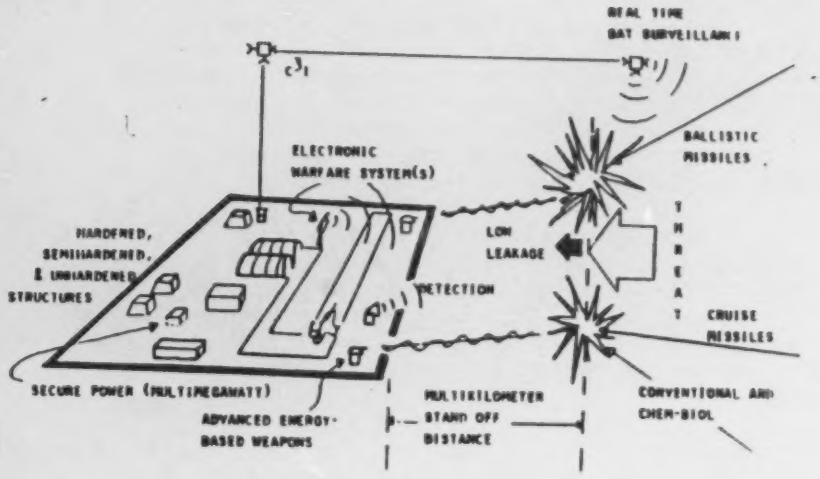
c. (U) Introduction of active, large-stand off point-defense systems with secure onbase prime energy sources will provide an added measure of strategic deterrence and will result in reduced damage to the base when it is under attack, relieving pressure on RRR demands and enhancing ABS. The prime power source can take care of the hotel load during peacetime and can be switched together with energy storage units to provide power for DEWs or KEWs when needed.

d. (U) Secure on-base H_2/LH_2 production capability for launch on demand spacecraft will be there.

e. (U) Gaining operational experience with H_2/LH_2 will posture the Air Force for the time in the future when hydrocarbon fuels for aircraft will become scarce and very expensive, and the Air Force begins introduction of

H_2/LH_2 fueled aircraft (experimental engines and aircraft designs already exist), with onbase fuel productions capability and no offsite dependence.

• (U) All of the above items come together in an evolving future air base concept shown here, where facilities and weapons systems (including aircraft--not shown) are tightly integrated.



Given the lead times involved in developing and introducing technologies vis-a-vis the threats and mission changes discussed in the main text of the report, work should begin now. The secure on-base prime energy source is the keystone for all of the items discussed above.

QUESTIONS SUBMITTED BY SENATOR STEVENS

Question: What portion of your MILCOM budget request provides for overseas construction? How has the cost of these projects been impacted by the decline in the value of the U.S. dollar?

Answer: The Air Force MILCON budget request includes $361,645,000 for overseas construction. The amount is approximately 24% of the Air Force's total MILCON request.

The decline in value of the U.S. dollar has considerably increased the estimated cost of execution. Total impact on construction alone is estimated to be $60 million. Of this amount, $34 million will be absorbed through the foreign currency account, which pays the difference between the budget rate and the execution rate. However, relief for the remaining $26 million will require some form of Congressional action.

Overseas Air Force projects are currently underpriced as a result of a change in budget rates which occurred after the program was priced. The foreign currency fluctuation account provides no relief for this problem. With current design estimates running higher than the reprogramming thresholds, the Air Force believes many of its overseas projects will require Congressional reprogrammings.

An equitable solution to this problem would be for Congress to provide adjusted programmed amounts (PA's) which could be zero balanced with a corresponding general reduction. Although the Air Force may not have sufficient funds available to execute the entire program, this solution would provide the Air Force the necessary flexibility to manage the problem and minimize its impact on number and quality of facilities acquired.

Proposed revisions to the PA's are attached. Computation of the corresponding general reduction would be a function of the final approved program and cannot be accurately estimated at this time.

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA ($000)	REVISE PA ($000)	DELTA ($000)
AFE	BELG	FLORENNE	CW PROTECT-CENTR	1700	2150	450
AFE	BELG	FLORENNE	CW PROTECT-WING	1700	2150	450
AFE	BELG	FLORENNE	GLCM CW PROTECT-	1100	1450	350
AFE	BELG	FLORENNE	GLCM-COMMUNICATI	510	590	80
AFE	BELG	FLORENNE	GLCM-FIRE STATIO	330	530	200
AFE	BELG	FLORENNE	GLCM-SECURITY PO	800	1200	400
AFE	BELG	FLORENNE	GLCM-TRP SUBSIS	1100	1550	450
AFE	BELG	FLORENNE	GLCM-VEHICLE MAI	1500	2100	600
AFE	BELG	FLORENNE	GLCM-YOUTH CENTE	800	810	10
SYS	BELG	FLORENNE	ALTER MUNITIONS	410	480	70
TOTAL FOR COUNTRY				9950	13010	3060
AFE	GERMY	BITBURG	ADAL FIRE STATIO	440	540	100
AFE	GERMY	BITBURG	ALT UNACCOMP ENL	2850	2950	100
AFE	GERMY	BITBURG	VEHICLE MAINTENA	1400	1450	50
TOTALS				4690	4940	250
SYS	GERMY	BUCHEL	ALTER MUNITIONS	2000	2400	400
TOTALS				2000	2400	400
AFE	GERMY	HAHN	COMBAT AMMUNITIO	770	870	100
AFE	GERMY	HAHN	PETROLEUM OPERAT	590	730	140
AFE	GERMY	HAHN	POST OFFICE	960	1200	240
AFE	GERMY	HAHN	UNACC ENL PERSON	3450	3950	500
AFE	GERMY	HAHN	VEHICLE MAINTENA	1900	2350	450
TOTALS				7670	9100	1430
SYS	GERMY	MEMMINGE	ALTER MUNITIONS	2000	2400	400
TOTALS				2000	2400	400
AFE	GERMY	PRUEM	CHAPEL	850	1100	250
AFE	GERMY	PRUEM	COMPOSITE RECREA	1150	1450	300
TOTALS				2000	2550	550
AFE	GERMY	RAMSTEIN	ADAL NCO ACADEMY	1750	2200	450
AFE	GERMY	RAMSTEIN	ADAL VEHICLE MAI	7200	8600	1400
AFE	GERMY	RAMSTEIN	ALTER UNACC ENLI	2900	3750	850
AFE	GERMY	RAMSTEIN	COMBAT AMMUNITIO	1250	1450	200
AFE	GERMY	RAMSTEIN	FIRE STATION	560	680	120
AFE	GERMY	RAMSTEIN	WAREHOUSE	2150	2550	400
SYS	GERMY	RAMSTEIN	ALTER MUNITIONS	9900	11800	1900
TOTALS				25710	31030	5320
MAC	GERMY	RHEIN MA	ADAL PASSENGER T	9900	11400	1500
MAC	GERMY	RHEIN MA	FLIGHTLINE SECUR	500	860	360
MAC	GERMY	RHEIN MA	RRR KIT STORAGE	1050	1150	100
TOTALS				11450	13410	1960

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA	REVISE PA	DELTA
AFE	GERMY	SEMBACH	SQUADRON OPERATI	1100	1400	300
AFE	GERMY	SEMBACH	UPG WATER STORAG	2250	2900	650
AFE	GERMY	SEMBACH	VEHICLE MAINTENA	1050	980	-70
TOTALS				4400	5280	880
AFE	GERMY	SPANGDAH	ADAL FLIGHT SIMU	1850	1650	-200
AFE	GERMY	SPANGDAH	UNACC ENL PERSON	3200	3300	100
TOTALS				5050	4950	-100
AFE	GERMY	WENIGERA	MUNITIONS SECURI	1750	2200	450
TOTALS				1750	2200	450
AFE	GERMY	WUESCHHE	CW PROTECT-CENTR	1650	1350	-300
AFE	GERMY	WUESCHHE	CW PROTECT-WING	1750	2500	750
AFE	GERMY	WUESCHHE	GLCM CW PROTECT-	990	1300	310
AFE	GERMY	WUESCHHE	GLCM-COMMUNICATI	800	800	
SYS	GERMY	WUESCHHE	ALTER MUNITIONS	450	540	90
TOTALS				5640	6490	850
AFE	GERMY	ZWEIBRUC	UNACC ENL PERS H	1850	1600	-250
AFE	GERMY	ZWEIBRUC	UNACC ENL PERS H	2650	2900	250
TOTALS				4500	4500	
TOTAL FOR COUNTRY				76860	89250	12390
SYS	GREEC	ARAXOS	ALTER MUNITIONS	1800	1950	150
TOTALS				1800	1950	150
TOTAL FOR COUNTRY				1800	1950	150
AFE	ITALY	AVIANO	CW PROTECT-SQUAD	1450	1450	
TOTALS				1450	1450	
AFE	ITALY	COMISO	GLCM CW PROTECT-	1100	900	-200
AFE	ITALY	COMISO	GLCM-ADAL BASE C	760	880	120
AFE	ITALY	COMISO	GLCM-COMMUNICATI	480	500	20
AFE	ITALY	COMISO	GLCM-MWR CENTRAL	380	460	80
AFE	ITALY	COMISO	GLCM-RECREATION	230	230	
AFE	ITALY	COMISO	GLCM-SECURITY PO	610	610	
AFE	ITALY	COMISO	GLCM-VEHICLE MAI	2250	2600	350
TOTALS				5810	6180	370

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA	REVISE PA	DELTA
AFE	ITALY	SAN VITO	EDUCATION CENTER	390	370	-20
TOTALS				390	370	-20
TOTAL FOR COUNTRY				7650	8000	350
PAF	JAPAN	KADENA	ADAL AVIONICS SH	5000	4250	-750
PAF	JAPAN	KADENA	ALTER UNACC PERS	2850	3500	650
PAF	JAPAN	KADENA	FIRE PROTECTION-	1850	1950	100
PAF	JAPAN	KADENA	JET FUEL STORAGE	5500	6100	600
TOTALS				15200	15800	600
MAC	JAPAN	YOKOTA	ADAL CORROSION C	3150	3650	500
PAF	JAPAN	YOKOTA	ALTER COMMAND CE	2600	2600	
TOTALS				5750	6250	500
TOTAL FOR COUNTRY				20950	22050	1100
PAF	KOREA	CP HUMPH	OPER'L/MAINT & S	5550	5700	150
TOTALS				5550	5700	150
PAF	KOREA	KUNSAN	ALTER AIRCRAFT S	7000	7800	800
PAF	KOREA	KUNSAN	RRR EQUIPMENT ST	950	750	-200
PAF	KOREA	KUNSAN	UPGR ELECT DISTR	2250	2150	-100
PAF	KOREA	KUNSAN	VEHICLE OPS/MAIN	5000	5400	400
PAF	KOREA	KUNSAN	WAR READINESS MA	800	830	30
TOTALS				16000	16930	930
PAF	KOREA	KWANG-JU	WRM VEHICLE PARK	900	770	-130
TOTALS				900	770	-130
CSV	KOREA	OSAN	CONTROL TOWER CA	400	370	-30
PAF	KOREA	OSAN	ADD TO NUMBERED	1750	1750	
PAF	KOREA	OSAN	AIRCRAFT MAINTEN	3000	3400	400
PAF	KOREA	OSAN	MUNITIONS STORAG	1600	1400	-200
PAF	KOREA	OSAN	SECURITY POLICE	2200	1900	-300
PAF	KOREA	OSAN	UNACC ENL PERS H	4500	4650	150
PAF	KOREA	OSAN	UPG PRI ELECT DI	7000	7300	300
PAF	KOREA	OSAN	WAR READINESS MA	940	940	
TOTALS				21390	21710	320
PAF	KOREA	SUWON	SEMIHARDENED COM	3650	3650	
PAF	KOREA	SUWON	WAR READINESS MA	650	840	190
TOTALS				4300	4490	190
TOTAL FOR COUNTRY				48140	49600	1460

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA	REVISE PA	DELTA
AFE	NETHR	CP NEW A	ADD TO BASE SUPP	2600	2900	300
TOTALS				2600	2900	300
AFE	NETHR	WOENSDRE	GLCM-ADMINISTRAT	2750	3250	500
AFE	NETHR	WOENSDRE	GLCM-ATHLETIC FI	550	740	190
AFE	NETHR	WOENSDRE	GLCM-BASE THEATE	900	1250	350
AFE	NETHR	WOENSDRE	GLCM-CHAPEL	1650	2150	500
AFE	NETHR	WOENSDRE	GLCM-CHILD DEVEL	600	660	60
AFE	NETHR	WOENSDRE	GLCM-COMMUNITY R	1600	1900	300
AFE	NETHR	WOENSDRE	GLCM-CONSOLIDATE	830	1100	270
AFE	NETHR	WOENSDRE	GLCM-DATA PROCES	1350	1450	100
AFE	NETHR	WOENSDRE	GLCM-FORMS & PUB	280	370	90
AFE	NETHR	WOENSDRE	GLCM-GROUP HEADQ	4950	6300	1350
AFE	NETHR	WOENSDRE	GLCM-PHYSICAL FI	2500	2850	350
AFE	NETHR	WOENSDRE	GLCM-RECREATION	520	630	110
AFE	NETHR	WOENSDRE	GLCM-SERVICES SU	700	870	170
AFE	NETHR	WOENSDRE	GLCM-TRAFFIC MAN	1450	1550	100
AFE	NETHR	WOENSDRE	GLCM-VEHICLE MAI	1600	2350	750
AFE	NETHR	WOENSDRE	GLCM-VISITING AI	1350	1700	350
AFE	NETHR	WOENSDRE	GLCM-VISITING OF	1400	1750	350
AFE	NETHR	WOENSDRE	GLCM-YOUTH CENTE	500	700	200
SYS	NETHR	WOENSDRE	ALTER MUNITIONS	400	480	80
TOTALS				24880	32050	7170
TOTAL FOR COUNTRY				27480	34950	7470
AFE	TURKY	ANKARA	ALT UNACC ENL PE	2250	2250	
AFE	TURKY	ANKARA	CHAPEL	950	950	
TOTALS				3200	3200	
AFE	TURKY	INCIRLIK	BASE SUPPLY ADMI	1000	1100	100
AFE	TURKY	INCIRLIK	RRR EQUIPMENT ST	780	890	110
AFE	TURKY	INCIRLIK	VISITING AIRMAN	3750	3750	
AFE	TURKY	INCIRLIK	VISITING OFFICER	3000	3100	100
TOTALS				8530	8840	310
TOTAL FOR COUNTRY				11730	12040	310
AFE	UK	MOLESWOR	GLCM-COMMUNICATI	450	450	
TOTALS				450	450	

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA	REVISE PA	DELTA
AFE	UNKIN	ALCONBUR	ADD TO WATER STO	890	850	-40
AFE	UNKIN	ALCONBUR	CW PROTECT-SQUAD	1600	1500	-100
AFE	UNKIN	ALCONBUR	INSTALL FIRE SUP	550	550	
TOTALS				3040	2900	-140
AFE	UNKIN	BENTWATE	ALTER UNACCOMP E	3700	3750	50
AFE	UNKIN	BENTWATE	CONSOLIDATED SUP	6200	5800	-400
AFE	UNKIN	BENTWATE	CW PROTECT-SQUAD	1600	1800	200
AFE	UNKIN	BENTWATE	SECURITY POLICE	1310	1300	-10
TOTALS				12810	12650	-160
SYS	UNKIN	CHICKSAN	DIGITAL EUROPEAN	1250	1150	-100
TOTALS				1250	1150	-100
AFE	UNKIN	CROUGHTO	ADAL WATER STOR	900	790	-110
TOTALS				900	790	-110
AFE	UNKIN	FAIRFORD	ADAL PHYSICAL FI	1700	1750	50
AFE	UNKIN	FAIRFORD	JET FUEL STOR/HY	7800	7800	
SAC	UNKIN	FAIRFORD	T-9 NOISE SUPPRE	800	380	-420
SYS	UNKIN	FAIRFORD	DIGITAL EUROPEAN	1250	1150	-100
TOTALS				11550	11080	-470
AFE	UNKIN	GREENHAM	GLCM-ARTS & CRAF	550	300	-250
AFE	UNKIN	GREENHAM	GLCM-AUTOMOTIVE	600	470	-130
AFE	UNKIN	GREENHAM	GLCM-YOUTH CENTE	990	950	-40
TOTALS				2140	1720	-420
AFE	UNKIN	LAKENHEA	BASE OPERATIONS	620	620	
AFE	UNKIN	LAKENHEA	BASE SUPPLY STOR	550	540	-10
AFE	UNKIN	LAKENHEA	COMBAT ARMS RANG	950	940	-10
AFE	UNKIN	LAKENHEA	POST OFFICE	1200	1200	
CSV	UNKIN	LAKENHEA	CONTROL TOWER	850	850	
TOTALS				4170	4150	-20
AFE	UNKIN	UPPER HE	ADAL VEHICLE MAI	2400	2550	150
AFE	UNKIN	UPPER HE	CONSOLIDATED SUP	5600	6300	700
TOTALS				8000	8850	850
AFE	UNKIN	WELFORD	AIR BASE GRND DE	1200	1150	-50
TOTALS				1200	1150	-50

MAJC	COUNTRY	BASE	TITLE	SUBMIT PA	REVISE PA	DELTA
SYS	UNKIN	WETHERSF	DIGITAL EUROPEAN	1300	1150	-150
TOTALS				1300	1150	-150
AFE	UNKIN	WOODBRID	SUPPLY WAREHOUSE	1650	1750	100
TOTALS				1650	1750	100
TOTAL FOR COUNTRY				48460	47790	-670

GENERAL TOPICS

Question: What portion of your Fiscal Year 1988 request funds construction of facilities primarily for the use of civilian employees and their families both domestically and overseas?

Answer: The Air Force Fiscal Year 1988 request does not include any requests for facilities to be used primarily by civilian employees and their families.

Question: You cite a deficit of 34,000 family housing units worldwide. Where is the shortfall located? What has been the trend in this deficit over the past five years--are you doing better or worse in meeting the needs of Air Force personnel?

Answer: The Air Force shortfall of 34,000 family housing units is distributed according to the following geographical locations; CONUS and Alaska accounts for 44%, Pacific bases account for 40% and the final 16% is attributed to European locations.

Since 1984, the family housing deficit has exhibited an upward trend, increasing by some 7,000 units. Beginning in 1984, enlisted personnel in the lower pay grades were included in the family housing requirement surveys which are used to determine future requirements for military family housing construction and acquisition. In 1985, criteria changes were made which added cost as a criterion. Cost had not been considered since the implementation of the variable housing allowance (VHA) in 1980. However, with the subsequent caps on VHA, out of pocket costs have escalated to where the excess cost of housing must again be considered.

The increased funding levels in FY 85 and again in FY 86 for family housing construction will help the Air Force provide needed housing thereby reducing the deficit. The Air Force is also pursuing several alternate methods to obtain housing such as Section 801, Build/Lease and Section 802, Rental Guarantee. In the Pacific, the Japanese Facility Improvement Program (JFIP) is providing new housing at an accelerated rate reducing the deficit in that area. Continued funding is needed to continue reducing the housing shortage and provide adequate quarters for military personnel.

Question: Approximately 38% of your MILCON budget request provides for the construction of family housing. How does this compare with previous years -- and which direction is that trend moving?

Answer: The $2,427,433,000 total MILCON budget request includes $926,533,000 for military family housing (38% of the total request). Most of the military family housing request (76%) is for the operations, maintenance, utilities, leases, and debt payment which supports the current housing inventory. In FY 88 the military family housing construction portion represents only 2.5% of the total MILCON request. As the following table shows, the family housing construction portion of the total MILCON program has declined:

	FY 85 Appr Amount ($000)	FY 86 Appr Amount ($000)
Military Construction	$1,572,655	$1,663,225
Military Family Housing		
- Construction	$108,366	$122,514
- Improvements	60,917	44,031
- Design	5,000	6,821
- Oper & Maint	419,829	347,364
- Utilities	218,123	224,267
- Leasing	35,980	44,518
- Debt Payment	30,091	14,765
Total MILCON Program	$2,450,961	$2,467,505
Family Housing Construction as a percent of the total MILCON program	4.4%	5.0%

	FY 87 Appr Amount ($000)	FY 88 Appr Amount ($000)
Military Construction	$1,242,530	$1,500,900
Military Family Housing		
- Construction	$39,196	$61,620
- Improvements	58,644	154,520
- Design	7,000	7,000
- Oper & Maint	397,895	382,837
- Utilities	235,320	242,130
- Leasing	70,000	76,842
- Debt Payment	7,365	1,584
Total MILCON Program	$2,057,950	$2,427,433
Family Housing Construction as a percent of the total MILCON program	1.9%	2.5%

ALASKAN MILCON

Question: The cost of construction in Alaska has been an issue in previous years. Can you explain why your estimates for Alaska projects are comparatively higher than other locations?

Answer: The cost of construction in Alaska is comparatively higher than other locations due to the following reasons:

(a) Materials/supplies are transported by sea or air

(b) High labor cost (particularly for Shemya)

(c) Seismic cost factors

(d) Additional insulation due to severe freezing

(e) Special foundations due to permafrost conditions at Eielson

(f) Utilities must be placed in a utilidor to prevent freezing at Eielson

(g) Short construction season (five to six months)

(h) Highly corrosive atmosphere at Shemya

ALASKAN MILCON

Question: The current facilities at Shemya are rapidly deteriorating and most are over 20 years old. How will your proposed program at Shemya address the unique and harsh conditions at the location? How did you divide up the Fiscal Year 1988 and Fiscal Year 1989 portions of the upgrade program at Shemya?

Answer: Technology for construction in Arctic environments was not available when existing World War II (wooden frame) facilities were constructed at Shemya. Past and current project designs have been altered to include arctic conditions which will increase the useful life of the facilities. Many of the projects in Fiscal Year 1988 and Fiscal Year 1989 are multi-phased projects. The projects were apportioned based on the displacement of personnel associated with phasing, construction period, mission impact, and funding profile to name a few.

Question: What will be the useable lifespan of the new facilities programmed for Shemya?

Answer: The useable lifespan of new facilities at Shemya will be in excess of 40 years.

Question: What cost saving initiatives are you pursuing to contain construction costs in Alaska? Are these initiatives part of each of the proposed projects for Alaska?

Answer: We're reducing the Operations and Maintenance cost by selecting building materials conducive to the unique climatic conditions. Additionally, construction materials are ordered on the same schedule as the Coal Barge delivery schedule. Finally, we're continuing to build energy efficient facilities and are committed to ensure competitive contract bids.

GENERAL TOPICS

Question: How does the Air Force evaluate problem locations, such as the Philippines or Greece, as candidates for military construction programs?

Answer: Military construction requests of all Air Force installations are evaluated at least annually. Special interest is given to those installations located in politically sensitive or problem areas as to whether their programs are in the best interest of the Air Force. Until decisions are made to reduce or withdraw U.S. forces from the countries in question, we believe the proposed military construction programs are in the best interest of U.S. national security.

Question: At what point will a decision be made on the advisability of construction programs a Clark AB? What is your reading of that situation?

Answer: Once it has been determined that the United States presence, particularly the Air Force's is no longer needed, the military construction program for Clark AB will be

reassessed and reduced accordingly. Based on the current situation, to date however, we believe the military construction program for Clark AB is needed and will not have an adverse impact on the current situation. Current threat assessments indicates that maintaining Clark AB is in the best interest of U.S. national security. Further, we anticipate a favorable renegotiation of our Base Rights Agreement and without a change in our presence.

Question: The negotiations over our base rights at Torrejon in Spain have been much in the news lately. There does not seem to be construction funded there for Fiscal Year 1988. Does this reflect doubt on the part of the Air Force as to whether we will remain in Torrejon?

Answer: Yes. Requests for military construction at Torrejon Air Base are held in abeyance pending outcome of the current Base Rights negotiations. The Air Force desires to remain at Torrejon Air Base. Upon completion of a favorable agreement requests for military construction for Fiscal Year 1990-1991 will be submitted to the Congress.

SUBCOMMITTEE RECESS

Senator SASSER. Thank you very much, and the subcommittee is recessed.

[Whereupon, at 12:17 p.m., Wednesday, April 1, the subcommittee was recessed, to reconvene at the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

MONDAY, APRIL 6, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:01 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Reid, and Stevens.

DEPARTMENT OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)

STATEMENT OF HON. RICHARD L. ARMITAGE, ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)

CENTRAL AMERICA CONSTRUCTION PROGRAM

OPENING REMARKS OF SENATOR SASSER

Senator SASSER. The subcommittee will come to order.

This morning, we are holding a special hearing on military construction activities in the Caribbean Basin, and, of particular interest to the subcommittee, is the issue of military construction in the country of Honduras.

HONDURAS BUILDUP

My personal position on this issue is well known. For some time, I have opposed the pace of the United States military buildup in Honduras. I believe that the magnitude of our buildup in that tiny country is unwise. I feel it to be destabilizing, and, frankly, an impediment to a peaceful, political settlement to the problems of that very troubled region.

The record is clear, I think, that the buildup of our infrastructure in Honduras essentially began in secret. By 1984, this subcommittee had approved construction of only one air base in Honduras—that was at Palmerola—and had issued conditional approval of building another runway at La Ceiba. These were viewed as contingency airfields, to be used ponly when they were needed to honor our treaty commit-

ments in that region of the world, and to protect American citizens, who might be in that region of the world, in the event of hostile actions.

That was the reason they were approved by the subcommittee.

But, without reporting further construction activities to the subcommittee, which was required, the administration, using what I can only characterize as creative accounting methods, began using operation and maintenance funds, and, during the cover of exercises by the spring of 1984, had built or improved six more military airfields in Honduras.

Now, my involvement in this issue came about because I felt that the administration simply was not being forthright with the Congress and with the American people. It was only as a result of an amendment that I tacked onto one of the military construction bills, which held up the construction at La Ceiba Air Base until we received a 5-year construction plan, that the 5-year construction plan detailing military construction plans for that region was submitted.

It was only as a result of a requirement of the Military Construction Appropriations Act of 1985 that the Pentagon began notifying the subcommittee of construction of military facilities in Honduras that were being constructed with the use of operation and maintenance funds.

I would be derelict if I did not have the record reflect that, in my own view, since General Galvin became commander in chief of the Southern Command, the Congress has been kept more well-informed of military activities and of military construction activities particularly in that region.

In fact, since 1984, the subcommittee has required that any expenditure over $100,000 be reported to the committee.

But I am glad to say that, under General Galvin's leadership, we have been informed of each construction activity regardless of the cost. I think this is the type of cooperative relationship between the Department of Defense and the appropriating and authorizing committees of the Congress which is to be commended.

We appreciate your special effort, General Galvin, and I am hopeful that you will counsel your successor and urge him to continue the same spirit of cooperation.

Now, the fact remains that, before General Galvin became commander in chief and before the Congress mandated the requirement, all but one of the airfields presently existing in the country of Honduras already had been built.

MILILTARY EXERCISES IN HONDURAS

To give you an example of what we have been faced with, I went to Honduras for the first time in 1984, and, prior to going, I had a meeting with officials of the Pentagon to inquire about our future plans and activities in that country.

I reviewed my notes from that first meeting with Department of Defense officials. I was told at that time, in early 1984, that only one more military exercise was planned for Honduras, and that no more military construction at all was planned.

Well, since that time, seven major exercises have been held and at least 16 minor military exercises have been held in that region.

It is clear now that the large military infrastructure is in place in Honduras. It consists primarily of seven C–130-capable assault airfields and, of course, the base camp at Palmerola. These are a matter of fact. They are a fait accompli.

We have not abandoned them. Most are still being used, if not by military forces of the United States, then by the Contras, and many are still being upgraded.

These so-called temporary airfields did not wash away with the first rainfall. They represent a lasting military infrastructure in the country of Honduras, set to receive very large contingents of American forces, if we should wish to insert them into that country.

One of the purposes of this hearing this morning is to focus on precisely where the administration proposes to go from here.

BASE CONSTRUCTION IN HONDURAS

When I first was in Honduras, in 1984, the president of Honduras at that time told me that the administration had been discussing with him the possibility of the construction of a permanent military base on the north coast of Honduras at Puerto Castillo. I am now told that that proposal has been shelved.

But the budget request before this subcommittee today and the 5-year plan which will be presented for the record indicate that, at least at Palmerola, the Department of Defense is proposing projects which are clearly long term, if not permanent, in nature.

I think we have to realize that the administration cannot have it both ways here. The Congress and the American people continue to be told that our presence in Honduras is only temporary. But the projects that are proposed in the budget reveal quite a different story.

If the administration desires a permanent military presence in the tiny country of Honduras, then I think we ought to be told.

Let the American people know what our true policy intentions are, and let the Congress debate the issue and also debate the possible implications if we go forward with it, or the implications if we do not go forward with it.

But let us abandon the continual incremental buildup in our military infrastructure in Honduras using the military construction process.

These are my concerns as we begin these hearings, and I hope that we will be able to explore this issue in complete detail this morning.

I would indicate to our witnesses and other interested parties that this is an open hearing. I believe that the issues that we are discussing can and should be aired in a public forum. I know that there may be some Members to come in later who will have questions which could get into classified material. If that should occur, at the end of the hearing I would make a motion that the subcommittee go into closed session, and the room will have to be cleared at that time to get the classified answers to these questions.

INTRODUCTION OF WITNESSES

This morning, we will be hearing from the Assistant Secretary of Defense for International Security Affairs, Hon. Richard Armitage, and we will also hear from the distinguished Commander of the Southern Command, Gen. John Galvin.

Gentlemen, we welcome you both here today.

You may proceed as you wish.

I assume, Mr. Secretary, that you will go first this morning.

CENTRAL AMERICA CONSTRUCTION PROGRAM

Mr. ARMITAGE. Thank you very much, Mr. Chairman. Indeed, I am delighted to be with you and testify before your subcommittee this morning, but even more delighted to be sharing the witness stand with General Galvin. As you know from your conversations with him, the administration has shown its great good sense and has nominated him to be our next SACEUR, and we look forward to rapid advice and consent from the Senate and even greater successes from General Galvin in the future. So I am delighted on two counts, to be with you and to be with General Galvin today.

I am not normally a Milcon witness. However, in the last 2 weeks, General Galvin and I have testified together three times on military construction. I am delighted to have backing us up a very fine bunch of Milcon experts.

I am reminded, as I look behind me, of a great line in the movie "Casablanca," where Claude Raines gives the orders to his policemen to "round up the usual suspects." That, indeed, is what we have done here with Admiral Jones, General Ellis and General Dacey. I am sure they can provide the expertise that might be lacking in my own presentation concerning Milcon specifics.

We are talking today with you, sir, about one-half of 1 percent of our total Milcon budget, but the administration certainly does not take it lightly because the numbers are not large. Witness the fact that General Galvin and I have spent quite a bit of time in the last 2 weeks up here talking about this very important Milcon construction plan for the region.

UNITED STATES PRESENCE IN HONDURAS

It is our view that we face a triple threat in Central America. It is the threat of insurgency. We have seen it raise its head again most viciously in El Salvador. It is the threat of terrorism and the threat of drug traffickers.

The President's response to this has been what we call the 4 D's—that is, defense, dialog, democracy, and development.

You mentioned, sir, about our presence in Honduras being temporary. That is, indeed, correct. It is temporary and yet it is indefinite. It is very important that we add the indefinite to the temporary.

What conditions this presence, sir, is three things. First of all, it is the threat, the threat from Nicaragua.

Second of all, it is the feeling and the desire of the Honduran people, as reflected by their government.

Third, it is reflected in our own public will to stay the course in Central America.

But in answer to your opening statement, sir, the administration desires no permanent presence. The administration wants no permanent base. To do so would require us to negotiate additional agreements or SOFA's with the Honduran Government. We have no desire to do this and we have no plan to do this.

BUDGET REQUEST FOR HONDURAS PROGRAM

I make a lot of this temporary, yet indefinite, presence because I want to speak specifically to our request for Honduras today. It is a little over $4 million.

We are on the horns of a dilemma. We want our troops to live appropriately yet we do not want them to have permanent facilities.

So, what we have done is to divide our request up into three tranches and approach the Congress with one-third of the total request each year.

Our reason for doing this is not to hide what we are doing. We are very forthright about it. We are trying to give the Congress a cut at this each year, so it will not be a one-time, large request. It will give the Congress the ability to review it each year.

If there has been a change in the region, if there has been a change in the situation that doesn't require our presence, then, obviously, you would not want to approve the requested money, nor would we want to request it, frankly.

That is why we have divided it up into tranches.

Finally, if I may, you mentioned the change in the Department of Defense's reporting since May 1984. We do send quarterly to you, sir, and to other committee chairmen of appropriate committees, a report, a complete report, on all our O&M funded construction.

We also report to this committee and others exercise-related O&M funding, over $100,000. Indeed, we have attempted in past years to report all of our exercises and all of our planned exercises to the committees.

I hope that the chairman and members of the subcommittee can take into consideration, that we are being quite diligent now in reporting all of these events to the Congress and to the proper oversight committees.

Thank you very much, Mr. Chairman and Senator Stevens. I will look forward to trying to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. RICHARD L. ARMITAGE
ASSISTANT SECRETARY OF DEFENSE/INTERNATIONAL SECURITY AFFAIRS

Good morning, Mr. Chairman. General Galvin and I are pleased to have the opportunity to discuss with you the Administration's military construction program for the Caribbean Basin. It is a modest program. For FY88 the total request is $84.38 million, which represents approximately one-half of 1% of our total military construction requirements worldwide. We are also submitting an updated Five-Year Construction Plan for the region and I want to assure you that as we further refine the plan, major changes will be reported to the Congress. For today's hearing, I will focus on U.S. policy in the Caribbean Basin, with particular emphasis on our policy in Central America. General Galvin will discuss details of the construction program that support the policy.

As we have testified on many previous occasions, United States interests in Central America and the Caribbean are based upon geographic, political, and economic realities. They are also based on a common heritage and strong tradition of hemispheric solidarity. Our objective is to protect U.S. interests and provide a security shield to allow democracy to flourish in this vital region. In 1983, President Reagan outlined four basic goals for Central America: first, we support democracy, reform, and human freedom; second we support economic development; third, in response to the military challenge from Cuba and Nicaragua, we support the security of our allies in the region; and fourth, the United States supports dialogue and negotiations that lead to real peace. There has been no change to these goals. The goals have enjoyed strong Congressional bipartisan support and will continue to be the cornerstone of United States policy for the region.

Our military construction program is supportive of these policy goals. There has been tremendous progress in Central America toward democratization. We want the nascent democracies of El Salvador, Guatemala, and Honduras to stand the same test of time experienced by their neighbor to the south, Costa Rica. We firmly believe that the way we do that is by demonstrating our commitment and reliability as an ally. The military construction program is a visible sign of this commitment. Democratization will foster a climate conducive to economic development, and it is economic development that will allow the countries of the region to escape from centuries of exploitation and neglect. It will open the doors to improved conditions that include health care, education and other social benefits.

Our military construction program supports stability and progress. For FY88, we are requesting $4.15 million to provide troop support facility upgrades for our forces at Honduras' Palmerola Air Base. This construction is to provide for improved billeting, a dining hall, a medical facility and a recreation center. In Panama our FY88 request is for $55.09 million. It will provide for the following: an imagery facility for production of real time intelligence; an extension to the aircraft parking apron at Fort Kobbe to relieve overcrowding; an additional 400 family housing units for our permanently assigned personnel; upgrades at Howard AFB which include additions to the photo lab, flightline security lighting, a munitions maintenance facility, short take off and landing aircraft facilities and other upgrades to existing airfield facilities to better support our canal defense requirements and to better interface with the military forces of the region.

In support of our Caribbean activities we are requesting funds for projects at Antigua, Guantanamo, Key West, and Puerto

Rico. At Antigua we are requesting $3.25 million in support facilities for our personnel. The $2.69 million request for Guantanamo will provide for quality of life and energy conservation improvements. In Puerto Rico we are requesting $3.62 million for weapons range improvements, security improvements and air conditioning of the Fort Buchanan Elementary School. The $15.58 million request for Key West will provide for a facility for a Radar Air Traffic Control Center, the Navy's share of the Key West municipal water system, and the relocation of a hydrofoil berthing wharf.

This modest construction program also has a definite impact on the Sandinistas and their Cuban and Soviet supporters. The message is that the United States is making a commitment in the region and will be able to respond to crisis situations which may arise because of communist supported subversion. The fact of the matter is that today Cuba and Nicaragua are arming, training, and controlling Marxist-Leninist guerrillas, most notably in El Salvador, but in other Central American countries as well. The active duty army and security forces in Nicaragua have grown to 76,000 personnel. Honduras, by way of comparison, has only 22,000 personnel. The Sandinistas have approximately 150 Soviet tanks and 46 Soviet combat helicopters, including 12 MI-24 helicopter gunships. The MI-24 gunships are the most sophisticated in the Soviet arsenal. The Hondurans have only a few tanks and none are as capable as those in the Sandinista arsenal. As for helicopter gunships, the Hondurans have nothing to compare with the MI-24. There has been no abatement in Soviet arms shipments to the Sandinistas which contribute to the growing disparity between Nicaragua and its neighbors. In the past six years alone we estimate that the value of Soviet bloc military deliveries to Nicaragua has increased one-hundredfold, and by a factor of five in 1986 alone.

Cuban support for the Sandinistas was the single most important factor which led to the Sandinista takeover of

Nicaragua in 1979. It is important to remember however, that Cuba does nothing on its own. The ability of Fidel Castro to support the Sandinistas derives totally from support Cuba receives from the Soviet Union. Soviet support for Cuba in the 1980s has been nearly $4 billion in economic aid per year and $700 million in military aid per year. Almost 15,000 Soviet personnel protect the Soviet investment in Cuba, including: 2,800 military advisors, a 2,800 man Soviet brigade and 2,100 personnel who man the largest and most sophisticated signal intelligence facility outside the Soviet Union. The Soviet bloc has provided 270 jet combat aircraft and trainers, 70 helicopters including the MI-24 Hind attack helicopter, over 950 tanks, some 800 artillery pieces, over 200 surface-to-air missile launchers, 2 Koni class frigates, 3 attack submarines, over 40 missile patrol boats and even amphibious landing craft. It is with this base of military equipment that the Cubans are able to assist the Sandinistas and indeed are able to assist communist guerrilla groups in the Caribbean Basin and indeed throughout Latin America. With such an investment, the Soviet bloc intrusion into Latin America is not adventurism, it is part of a long range strategic plan that includes annual training of over 20,000 students from the Americas in the Soviet Union, Eastern Europe, and Cuba.

The Latin American countries face what we have termed the "triple threat." The first is the insurgent threat emanating from the Soviet Union, Cuba and Nicaragua. The countries of the region face a terrorist threat as well. The PLO, Libya, North Korea and Vietnam have been linked to terrorist activities throughout the hemisphere. The third threat is that of the drug traffickers. They cooperate with insurgents/terrorists when mutually beneficial. An illicit arms trip can result in an illicit drug trip on the return. Drug money buys arms, protection and revenge all at the same time. The M-19 attack on the Colombian Ministry of Justice in 1985 concentrated on the

two branches of Government (Constitutional and Penal) most closely associated with extradition requests for drug offenses. The Latin American democracies have recognized the connection. They are willing to work with us in putting an end to this triple threat. Our commitment to the region will directly impact on how well the emerging democracies will be able to effectively counter these significant threats.

United States military activities in Honduras continue to receive a great deal of publicity. In spite of what some people erroneously term a permanent and overbearing military presence, our activities in Honduras are appropriate and of a temporary but indefinite nature. We are there with the approval of the Honduran Government and the decisions concerning the scope and duration of our presence are made in close coordination with the Hondurans. We will remain in Honduras only as long as it serves our mutual interests. When the Sandinistas in Nicaragua cease being a threat to the true democracies of the region, then I am sure that we and the Hondurans will seek a phase out of the temporary United States military presence in their country.

Honduran sensitivity to a United States military presence must be, and is taken into account. We have no intention of compromising their sovereignty. Honduras is a key ally of the United States in Central America and, is a partner in democracy and security for the region. In a joint presidential communique of May 1985 by Presidents Reagan and Suazo, the U.S. reiterated its commitment to Honduran sovereignty and territorial integrity. Specifically, the communique highlighted the U.S. commitment to help defend Honduras from communist aggression. This commitment was renewed in a joint communique issued during President Azcona's visit to Washington in May 1986.

The military exercise program is another important element

in the relationship between Honduras and the United States. At the present time there are two JCS directed exercises in progress in Honduras. The first is AHUAS TARA 87, which began in late December and will end in April. It is an annual command post exercise which this year will have both a tactical air phase and a deployment of a joint task force. As part of this exercise US Army engineers are constructing a causeway at Punta Raton and repairing the dirt airstrips at San Lorenzo and Jamastran. This construction is being accomplished with funds from the $5 million set aside established by Congress for exercise-related construction and will allow us to conduct logistics-over-the-shore training this year and in future years. It also allows us to conduct a realistic command post exercise. The second exercise on-going at the present time is BLAZING TRAILS 87, an annual National Guard and Reserve engineering exercise involving road construction. This exercise began in January and will end in May. Later this year we will conduct two other JCS directed exercises in Honduras. SOLID SHIELD 87 is an Atlantic Command exercise which includes an amphibious assault on the north coast of Honduras and KING'S GUARD 87-II is a US Southern Command maritime surveillance and interdiction exercise. In addition to the exercise-related construction there are two unspecified minor MILCON projects being completed at Palmerola Air Base. These projects provide an additional parking apron and a staging area with access roads. All of these activities provide excellent training for our forces and, at the same time serve to increase the professionalization of the Honduran Armed Forces. Another positive element is the example that the U.S. forces provide as an apolitical military. The exact opposite holds true in Nicaragua where the Sandinistas have actually incorporated the name of their political party into the name of their army, the "Sandinista People's Army."

With respect to Panama, our responsibility to protect and

defend the Panama Canal, as defined under the Panama Canal Treaty and the Neutrality Treaty, is particularly relevant to the situation in Central America. Although U.S. military presence in Panama will end by the year 2000, the U.S. has primary responsibility for Canal defense until that time under the terms of the Panama Canal Treaty. It, therefore, is in our national security interest to maintain the facilities required to carry out these responsibilities. In the years beyond 2000, the U.S. and Panama are jointly responsible for ensuring the security of the canal and maintaining the permanent status of its neutrality. In addition to these treaty responsibilities which have broad regional implications, General Galvin, as the theater Commander, has additional responsibilities throughout the region. His duties include anti-narcotics operations, combined exercises and disaster relief. All of these requirements provide further justification for the need for proper facilities.

The military construction program for the Caribbean Basin outlined in the Five Year Construction Plan is designed to support our activities in the region. We see the military construction program as supportive of the policy goals of democracy, development, security and diplomacy because it demonstrates the U.S. commitment to freedom and economic opportunity for the region. The military construction program serves to support our capability to defend the Panama Canal. It also allows us to provide needed quality-of-life improvements to our troops in both Panama and Honduras. We ask for your support of the construction program. The United States has a clear commitment to the development of democracy in this vital region. Your support of our request will allow us to more adequately support our allies and our own forces in promotion and protection of the region's democratic trend.

DEPARTMENT OF THE ARMY

U.S. SOUTHERN COMMAND

STATEMENT OF GEN. JOHN R. GALVIN, U.S. ARMY, COMMANDER IN CHIEF, U.S. SOUTHERN COMMAND

CONSTRUCTION IN CENTRAL AMERICA

Senator SASSER. General Galvin.

General GALVIN. Thank you, Mr. Chairman. I am grateful for the chance to talk to this committee about construction in Central America.

Also, it is a pleasure to be here again with Secretary Armitage, who I think has been an articulate spokesman for the Defense Department.

Senator SASSER. General, could you pull the microphone just a little closer to you, please. Thank you.

General GALVIN. Yes, sir.

I have submitted a prepared statement and so I will be very brief, Mr. Chairman. My paper contains information about my mission and the stability of the area, the strategy to carry that out, the resources for the strategy, and it ends with an action agenda, which is, in effect, a series of recommendations for this committee and for the Congress at large.

My resources for the area consist of 9,700 soldiers in Panama, 1,100 in Honduras, 55 in El Salvador, and a total of 92 members of security assistance teams in the 17 countries in Latin America for which I am responsible. Those 92 support the Ambassador and the various embassy country teams.

UNITED STATES PRESENCE IN HONDURAS

Let me move directly to Honduras. We are in Honduras for four reasons.

First, is to deter Sandinista adventurism.

Second, is to encourage the Honduran Government that, indeed, we recognize our alliance of mutual support with them and would be ready to support them if they found themselves in a crisis situation with Nicaragua.

Third, is to train and develop the Honduran Armed Forces so that they will be able to defend their own country.

Fourth, which is a spinoff, is the accomplishment of vitally needed training in a tropical environment for ourselves which includes, of course, the deployment down and back of U.S. units.

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So, our temporary presence in Honduras is for deterrence, encouragement to the Hondurans, training for them, and training for ourselves.

In Honduras, we are asking this year for $4,150,000 for quality of life improvements at Palmerola. That is the only request for Honduras this year. The request is to build a relocatable clinic, a dining facility, billets for 300 soldiers, a recreation center, water and sewage disposal systems, some electrical upgrades, and road work. The total, again, for that is a little over $4 million. All of it, as I said, is for improving the conditions under which the soldiers live at Palmerola. There are 1,100 soldiers there.

PRIMARY MISSION IN PANAMA

In Panama, our primary mission is the defense of the Canal. However, over the years since 1914, that defense has become less and less a set-piece, close-in defense, and more and more a regional stability defense for the canal. To accomplish that mission, we have some quality of life requests for construction and we also have some requests for construction to support changes in mission that we have had.

First of all, in quality of life, there is a child care center which we would like to build on the Atlantic side in fiscal year 1989 for 145 children. We have a very inadequate child development center now which consists of the basement of a building.

But our most severe quality of life issue is a 1,300 unit shortfall in family housing in Panama. This has come about for a couple of reasons.

One is that we absorbed the housing requirements when the Panama Canal Commission was created out of the old Panama Canal Company. We absorbed the housing for the teachers, for the people who work at the hospitals, for the postal people, and for others. Also, during this same period since 1977, the percentage of soldiers who have their families with them, who are married and have their families with them, has grown. The size of the organization has not grown.

So we have, therefore, a shortage. We had some shortage before, but now it is exacerbated. It has reached 1,300.

The way this works out is this. We have 700 people on a waiting list to get into housing, and that means that they are living somewhere else on the economy or their families are back in the United States. Two hundred and twenty of those people live in substandard housing somewhere in Panama. Nine hundred and fifty live in Panama City or its environs, and 450, or about one-half of those, live in substandard housing.

One hundred and eighty families live in leasebacks, or buildings that we have turned over to Panama but rented from them. That rent arrangement runs out on the first of October of this year.

Now, we have a bridge that will take us for the next 3 years or so and start to relieve the situation. We have managed to get leases on apartments in 400 different locations. But this still leaves us with a requirement for 1,300 in the long run.

What we would like to do this year is get approval from you, from the Congress, for 400 relocatable family housing units. Now, if we get that, we would also intend to come in next year for 600 relocatables. This, of course, is based on how the situation goes and how much leasing we are able to do, and so forth.

But I would make a strong request to you for support for those 400 relocatables this year. Again, those relocatables would be located in the bases that we think we would need the longest, as we come down in strength toward the end of the final decade of this century.

MISSION RESPONSIBILITIES

As I conclude, let me say that we have our mission responsibilities. First of all, short takeoff and landing aircraft to be stationed at Howard. Second, facilities for some UH–60 Blackhawks to be stationed at Howard. And third, for the creation of a combined imagery center, which means the ability to bring together in a joint way the Army, Navy, and Air Force and their capability to develop and interpret photographs which are taken from aircraft.

All of this is in the budget this year. The upgrade is $7 million for the STOL aircraft, $6.7 million for the UH–60's, $14 million for the facilities required at Howard Air Force Base, and $6 million for the imagery center.

I would like to mention, as I close, that the design for the naval special warfare unit facilities was held up by you, sir, a short time ago, and the Navy has responded on this. That is in the 1989 program, but I would like to simply mention it, and I hope it will come up again here in the rest of this hearing.

NAVIGABLE RIVERS IN LATIN AMERICA

There are 500,000 kilometers of navigable river in Latin America. I would like to be able to continue and expand our training and development with the 17 countries in the use of small boats for military purposes on navigable rivers. What I am concerned about is the fact that when the rains come—and, as you know, that is for more than one-half the year, that is about 8 months out of the year—the drug traffickers stop flying airplanes and they use small boats. We are really not prepared for that phase of the year in trying to counter the drug trafficking, and to some degree we are not prepared to try to counter the insurgencies, which exist in 10 out of the 17 countries.

I would like to be able to upgrade the number of patrol boats that I have, which is a mere 8, up to 17, so that I could conduct more exercises with the countries in Latin America and help them prepare along those lines.

In order to do that, I need to get a dock, an operations building, and a barracks. It will be 100 extra Navy people who would be down there. There are only 500 Navy people who are down there now. It is not a big organization.

But if we had special naval capability, we could spend the rest of this decade getting a better handle on the traffickers and maybe on the guerrillas.

Sir, the rest of my statement is on paper and I will stop at this point.

Thank you very much, Mr. Chairman.

[The statement follows:]

STATEMENT OF
GENERAL JOHN R. GALVIN, U.S. ARMY
COMMANDER IN CHIEF, U.S. SOUTHERN COMMAND

I am grateful for the opportunity to address this Committee on the Military Construction Program. The US Southern Command requirements in Honduras include only facilities to house, feed and care for our troops. In Panama, I require facilities for newly assigned missions, quality of life improvements, direct mission support facilities, and much needed housing for soldiers and their families. To put this program in proper context, I will first outline my approaches to implement national security strategy in my region.

As Commander in Chief, United States Southern Command, I am responsible for U.S. military activities in Central and South America. One of my primary goals is to assist Latin American governments in developing a security shield for democratic progress and socioeconomic development. Related to this objective is an opportunity to participate in nation-building projects which help bolster the local governmental infrastructure.

My responsibilities are primarily concerned with the security of the south flank of the United States - - a mission which is accomplished through cooperative efforts with our allies. I utilize security assistance, forward deployed forces, training opportunities and exercises, intelligence sharing, humanitarian

and civic action programs, combined training exercises, and a variety of opportunities for professional dialogue such as staff visits, workshops, seminars, lectures and personnel exchange programs.

These activities require resources, primarily people and dollars. In gross figures, the US Southern Command covers 20% of the world's land mass, utilising less than 1% of DOD resources. In terms of troop strengths I have approximately 9,700 personnel in Panama, 1,100 in Honduras, 55 in El Salvador and a total of 92 people in Security Assistance Offices in 16 countries. These forces, with periodic active and reserve component augmentation, allow me to accomplish my mission.

The Military Strategy

Under the umbrella national strategy of security through cooperative efforts I employ the following military strategies to reach our goals and objectives:

- The provision of security assistance to maximize host nation contributions and capabilities for their own defense.

- The maintenance of US forces within certain Latin American nations to emphasize our commitment to the region in a manner that cannot be misunderstood by those who might seek to destabilize our hemisphere.

- The demonstration of professional military and civilian government relationships that underscore the protective military functions and contribute positively to democratic national development.

These strategies answer a very real threat. Never before have destabilising influences in Latin America attained the current potential for destructiveness and damage to our national interests. Backed by ample Soviet funding, aggressive Marxist regimes in Cuba and Nicaragua continue to support guerrilla movements. International terrorist influences seek to unite splinter groups, often in collusion with drug traffickers. Debt problems and economic decline present serious pitfalls for struggling democracies.

Even in the face of these seemingly overwhelming obstacles to progress there is room for encouragement. Where in earlier times the US approach to Latin America may have been seen as paternalistic and commercially exploitative, I believe our interest in the region is now based on the promotion of our own

democratic ideals and principles such as human rights, pluralism, evolutionary political growth, and the proper military role in national planning and development.

Latin American governments also have changed. Most are now democracies. With some notable exceptions, the nations in this theater are more participatory, collect more taxes, invest more, build more and educate more, and in general articulate their national interests within the international community better than they have at any time in their history.

In sum, the various levels of U.S SOUTHCOM military strategy aim at accomplishing a broad mission using limited resources. In conjunction with US ambassadors and country teams, I work through military-to-military contacts to accomplish three interrelated priorities: improve regional security, encourage national stability, and in essence, provide an example of a military institution subordinate to civilian leadership in a democracy.

THE STRATEGY APPLIED

I have previously referred to my two broad aims as being nation-building and providing a shield for democracy. Both are also heavily dependent on military construction of one type or another to nurture security, stability and progress. A properly funded military construction program is designed to enhance regional security, provide a pathway to greater stability, and build a sound foundation for professional Latin American military institutions.

Projects such as the imagery center at Howard AFB will enable the production of real time intelligence data to promote regional security. BLAZING TRAILS road-building exercises and projects such as the short take off and landing (STOL) aircraft support and "brown water navy" facilities promote stability by providing road, air, or water access to larger geographical areas, allowing the expansion of government services to and economic interaction with the people. There is a large measure of such preventative work to be done in South and Central America. The AHUAS TARA combined command post exercises, with the related joint planning, provide an exceptional example of building military-to-military understanding.

The link between strategy objectives and their actual realization is often a military construction project. The programs for FY 88 and FY 89 address

USSOUTHCOM MILCON needs in terms of our treaty responsibilities in Panama, our regional responsibilities and our force presence in Honduras.

THE MILITARY CONSTRUCTION CONTRIBUTION IN PANAMA

US SOUTHCOM has been given the missions to protect the southern flank of the United States and assist our allies in the theater. Our ability to carry out these missions, other specific tasks, treaty commitments and regional responsibilities assigned to the command by the Joint Chiefs of Staff currently requires forward deployment in the Republic of Panama, where a force presence is provided by permanently stationing some 9,700 Army, Air Force, and Navy servicemembers and their families. The military construction request for the entire US Southern Command components is extremely modest, about 1/2 of 1% of the DOD program. Our projects in Panama for FY 88-89 can be categorised into four basic groups:

- New mission beddown facilities are required to support the basing of forces to accomplish newly assigned missions. The Air Force and Navy missions are needed to provide a means to maintain contact with US country teams in our various embassies, to facilitate the provision of disaster relief and humanitarian assistance when appropriate, to assist drug interdiction programs, and to contribute in other ways to US defense strategies and goals.

- Short takeoff and landing (STOL) aircraft facilities are needed to provide for the operation and maintenance of new aircraft. The STOL capability will dramatically increase, to almost 10,000, the number of available short airfields in Latin America that can be utilised for support and humanitarian missions.

- The "brown water" Navy facilities will provide the capability to support and train Latin American Navies in the environment that the majority of their operations take place. There are over 500,000 kilometers of navigable rivers that fall into this category. As with the STOL aircraft, we must have the mobility to reach the source of the problem.

- Combined imagery center and photo lab additions will provide mutually supportive facilities to substantially improve intelligence support to the command and our allies. The center will supply decision-makers with intelligence data with which potential problems can be handled before they erupt as a crisis.

• Facility upgrades projects are designed to bring existing facilities up to current DOD standards for health, welfare, safety and security. They provide facilities to US servicemembers and their families stationed in Panama that are equal to those provided elsewhere. Facility upgrades include such projects as:

- Billet upgrades to provide servicemembers the type of living conditions conducive to good performance, high morale, and retention.

- Child development centers which represent a more obvious investment in the future that all servicemembers deserve regardless of where they are stationed.

- Security lighting to enhance the flightline and aircraft security and safety at Howard AFB.

• Quality of life (amortising) projects pay back all or part of their cost over the expected period of use. The most outstanding example of this is the shortfall of some 1300 family housing units for Army soldiers and their families currently assigned to Panama. A companion Build-to-Lease program has found interested entrepreneurs indicating that investments can be recouped in less than 12 years. No payback analysis can compute the value of keeping military families together. Both facility upgrade and quality of life projects are significant factors in retaining qualified servicemembers.

• Long term mission support projects are required to provide direct mission support facilities currently necessary for safe operations to support the nation's strategic objectives in the region.

- The Howard AFB upgrades with key and essential maintenance facilities and pavement will eliminate critical safety deficiencies in the overrun, armament areas, and hazardous cargo loading.

- Army helicopter facilities will provide adequate and safe parking of assigned aircraft and necessary maintenance buildings. At this time, maintenance hangar space is extremely limited.

- Ammunition storage and transfer facilities will eliminate long standing shortfalls in storage and handling capability.

THE MILITARY CONSTRUCTION CONTRIBUTION IN HONDURAS

A fifth category of projects which is applicable to Honduras, is the

necessary support for ongoing operations and crisis reaction. Projects are required to provide for US force presence and to enable appropriate response to any situation of crisis, of need for humanitarian assistance, of natural disaster, of drug interdiction or of other valid requirements for our aid. These projects also provide the infrastructure to support training and exercise deployments and include such projects as the currently funded contingency facility and the programmed troop support facility upgrades for Palmerola Air Base in the FY88-90 timeframe. All projects are required to accomplish our current missions as assigned by the Department of Defense.

As Commander of US forces in Central and South America, I have the responsibility to provide for the health and welfare of the US forces in Honduras. In 1985, both the House and Senate indicated support for military construction projects necessary to feed and house our troops if the mission so dictated. In FY85, Congress authorized and in FY87 appropriated funds for CEDAR DECK. In addition to a hangar and an operations building, the project includes billets and a dining hall which represents the initial support for MILCON to upgrade troop facilities at Palmerola.

Committee language in 1986 reiterated Congressional support for troop facilities and specified that construction at locations such as Palmerola be specifically "low maintenance useable facilities." Our original FY 88 project documents called for relocatable facilities of a temporary nature. Other categories of construction which meet the standard of "low maintenance useable facilities" include pre-engineered modular buildings and simple concrete structures. All types of temporary construction, whether relocatable buildings, prefabricated metal buildings, or buildings meeting local construction standards, would include some concrete work for slabs and footers. In cooperation with the Honduran armed forces, we are currently examining the alternatives and conducting a cost benefit analysis before proceeding with the final design of troop facilities at Palmerola. The requirement for adequate troop support dictates that Central American tropical huts be replaced. Some of the these have been in use for almost four years.

Our projects for the troop support upgrades at Palmerola have been programmed in three phases because of the indefinite nature of our presence on the Honduran air base at Palmerola. Facilities programmed for this year

include barracks, a medical clinic, a dining hall, recreational facilities and supporting roads and utilities.

EXERCISE RELATED CONSTRUCTION

We have specifically designed our forces and our exercises in Honduras to send the correct signal to Nicaragua that the US is committed to assisting its friends and allies under current treaty arrangements if they are threatened. Our efforts address the very real threat to regional stability posed by Sandinista Nicaragua and the particular security problems of Honduras. In coordination with Ambassador Briggs, I work at bolstering Honduran defensive capabilities and enhancing internal stability. The strategic means available to me to meet these objectives with the country team are the same as in the generic military strategy -- security assistance, forward deployed forces, training exercises, intelligence sharing, and so forth. Given the nature of the threat and of our objectives, my concept is based on:

- Deterring Sandinista aggression and intimidation through a benevolant force presence that emphasizes a comprehensive exercise program.

- Assuring the Honduran government by our actions at several levels (such as force presence, continued exercises, intelligence sharing, and civic action programs) that the U.S. is committed to security and national development in Honduras.

- Assisting in the modernization and professionalization of the Honduran security forces. (Actions include visits by survey teams, security assistance, exercises, mobile training teams, and many different forms of professional dialogue).

As we carry out this support of Honduran national strategy, we also find great benefits for ourselves. Deployments of U.S. forces to Honduras provide realistic training opportunities that are unparalleled.

Our exercise related construction program aims at using limited resources to accomplish our objectives. The BLAZING TRAILS series of engineer field training exercises in northern Honduras has proven to be a worthwhile effort with the added advantage of making a significant contribution to nation-building infrastructure. This series is a good example of the combination of deterrence

and training. Benefits of BLAZING TRAILS also encompass the deployment and redeployment phases and the conduct of an engineer operation in a challenging environment. Latin America is the closest and least expensive training area with the greatest need for assistance.

The FY 88 Exercise Program has been included in the Southern Command update of the Caribbean Basin Construction Plan. The program has again been designed to support the needs of the host nations and to maximize training opportunities. As in the past, exercise related construction has been duly reported in accordance with DOD and Congressional directives through the Caribbean Basin Construction Plan, Significant Military Exercise Briefs, Minor MILCON Funding Notifications and Engineer Activities in CENTAM Reports.

Compliance with reporting and funding rules has revealed some minor aspects of the FY 87 legislative language that could be repaired in the next year's bill.

- Minor MILCON set aside funding provisions need to be identified and budgeted for all services in FY 88. Determination of the required dollar amounts in this account would be best left to OSD, JCS or the unified commanders with normal Congressional direction and oversight.
- MILCON authorities should be applied more literally. These funds should not be used for projects legitimately under $200,000 nor should they be used for non-construction activities such as the assembly of temporary base camp equipment that is totally dismantled at the end of exercise.
- Minor MILCON funds need not be used for valid maintenance and repair work, as these are traditional and correct O&M activities.

The overall paybacks on exercising in Latin America are incalculable. Training for both our soldiers and those from the host country is without precedent. The organization and planning for an exercise under the leadership of the Ambassador and his Country Team provides a real opportunity for our hosts to observe healthy civilian-military interactions. A recent example of the training significance of these exercises occurred after the earthquake in Ecuador in early March. Units trained in Central America were among the first to be considered for a major disaster relief effort.

AN ACTION AGENDA

We should assist the stabilization efforts of our Latin American allies so

that the many fledgling democracies can institute reforms, maintain basic freedoms, and develop in their own way to become self sufficient. When viewed in this light, the effect of, rather than the length of our presence becomes the significant issue. I am strongly convinced that the kind of support we are currently providing is a necessary, worthwhile, and appropriate activity for US Southern Command, the Department of Defense, the Department of State and the US Government. Our military construction program provides austere support to this effort. To that end, we need to:

- Support the modest requirement for Military Construction projects in Honduras and Panama in the FY 88-89 program--all of which have been included in the services' budget requests.

- Continue to support U.S. force presence (exercises and deployments for training) in the region.

- Provide adequate funding for each of the three services in their Minor MILCON program to support exercise related construction in the future.

- Permit more literal application of minor MILCON rules.

COMMITMENT FOR THE LONG HAUL

There are no easy solutions for the problems we face in Latin America. Our overall military strategy is adequate, but it is dependent on long-term U.S. commitment. If our enemies become convinced that "waiting us out" is a tactic that will bring success, no amount of short-term effort on our part will work, and our strategy for the region will be undermined.

GENERAL QUESTIONING

Senator SASSER. Thank you, General Galvin.

We have been joined by my friend from Alaska, Senator Stevens.

Senator Stevens, do you have an opening statement or any opening comments?

Senator STEVENS. No; thank you.

Senator SASSER. Also Senator Reid of Nevada has joined us.

Senator Reid, do you have an opening comment or any statement that you wish to make at this time?

Senator REID. I do not, Mr. Chairman.

Senator SASSER. Very well.

SANDINISTA THREAT TO HONDURAS

Mr. Secretary, in your prepared statement, which you submitted to the committee, you spoke of the Sandinista threat in that region of the world. Is it your view that when you speak of the Sandinista threat that you are indicating that the Sandinistas would be invading Honduras?

I ask that question for this reason.

It appeared to be the view of the administration 2 or 3 years ago that there was a threat of invasion, and that appears to have been modified in recent months, at least. I wanted to get your view on that situation.

Mr. ARMITAGE. Mr. Chairman, if I may, I will take the Sandinistas at their word. They have publicly stated that their desire is the spread of Sandinismo north through Guatemala into Mexico and south through the Panama Canal, for openers.

Second, 2 or 3 years ago, I would say, we were much more fearful of actual invasions of neighboring countries by the Sandinistas. I am of the mind right now that they prefer to use subversion, to the best that they are able. And, as I mentioned in my opening remarks, the recent event in El Salvador, in El Paraiso, is witness to this.

Finally, the Sandinistas have indeed had incursions—some would call them invasions—into Honduras. Last Easter General Galvin was very, very involved in the Honduran response to meet a thrust by the Sandinistas. He could go into this at some length.

But I think the major blocking principle that exists, that keeps the Sandinistas from invasion, is the fact that they cannot be sure what the U.S. response will be. They realize that we have a temporary presence of about 1,100 men—1,000 to 1,100 men—year-round in Honduras, and this acts very largely as a brake on their activities.

General Galvin.

General GALVIN. Well, Mr. Chairman, they have conducted incursions into Honduras in a major way twice in the past 2 years. Both times, as you know, acting under the orders from here, I moved a battalion of Honduran infantry down into blocking positions in order to keep the incursion from going any deeper than it was.

But, in addition to that, there have been some 30 or 40 minor incursions in which Honduran soldiers have been killed and civilians have been killed. On almost any given day, including today, there would be

Sandinistas across the border into Honduras, either in outposts or on patrols or in other activities.

RIO TREATY

Senator SASSER. Picking up on something you said a moment ago, Mr. Secretary, that our presence there would be helpful in discouraging invasion, are not our activities or our conduct clearly prescribed by treaty in the event of an invasion of Honduras, or any other country in Central America, by the Nicaraguans? An invasion would activate the Rio Treaty, and we would be obligated to come to the defense of those countries.

So, in the event of a Nicaraguan invasion of Honduras, under the provisions of the Rio Treaty, the United States is committed to the military defense of Honduras. Isn't that correct?

Mr. ARMITAGE. No, sir; that is not correct.

We are committed under the terms of the Rio Treaty to support Honduras, to deter and to prevent aggression. But we cannot commit troops. We are committed to act in line with our constitutional processes, which is very much like our treaty language with NATO and others.

However, the terms of the Rio Treaty, Senator Sasser, have been reaffirmed in two recent communiques between the President and successive presidents of Honduras, and the Nicaraguans certainly know this. But I would submit that it is one thing to know it on paper; it is another to realize that the capability of the United States does exist should some Honduran president ask, and should the United States President want to come to the aid of the Hondurans, during a Honduran problem or emergency.

INCREASED MILITARY STRUCTURE IN NICARAGUA

Senator SASSER. You indicate in your prepared testimony that Soviet bloc deliveries of military equipment to Nicaragua have increased substantially over the last 5 years, and none of us will argue that point with you.

But the facts are clear. When this administration took office, the Nicaraguan military numbered some 20,000 troops. Now, some 6 years later, as you say in your statement, Nicaragua has 76,000 troops.

When this administration took office, Nicaragua had 25 tanks; now Nicaragua has 150 tanks.

This indicates to me that, by our moving into Honduras and building a very elaborate military structure there, the case can be made that we have simply stimulated a military response on the part of the Sandinista Government, and, as we increase our presence in Honduras, we are simply contributing to a continued and escalating militarization of that whole region.

In my view, that is an indication that this policy of building these military bases and the growing and ever-present U.S. military presence there has failed.

Don't you believe, Mr. Secretary, that the Sandinistas are building up their military in response to our military activities in neighboring Honduras?

How would we react if the Soviets moved into Mexico and began building airfields there, right across the Rio Grande, and held military exercises in Mexico? Would we not react in much the same way the Sandinistas have reacted to our presence in Honduras?

Mr. ARMITAGE. Mr. Chairman, with all respect, I totally disagree with your analysis.

It seems to me that when the Sandinistas were victorious in 1979, they barely took time to draw a breath before they were exporting their revolution to El Salvador and, indeed, to Honduras and anywhere else they could make inroads.

I would argue very definitely that the Sandinistas' actions came first; that the Sandinistas had planned, with the Cubans and the Soviets, for massive buildups long before the United States was involved in any significant way.

Finally, Mr. Chairman, I must take exception to the description of the facilities as elaborate military facilities. I have only visited them twice, but I find them of a temporary nature and not elaborate, sir.

General Galvin, did you want to add to that?

General GALVIN. To add to that, Mr. Chairman, I think that there has been a buildup of the Sandinista armed forces. One of the reasons they have built up is they have an insurgency in their country. The Contras have built up during this period and the Sandinistas are trying to fight them.

The Contras are the largest insurgency of the 10 insurgencies in Latin America. They are the fastest growing insurgency.

There has been some support for them from the United States, but support from the United States does not create a situation in which something in the neighborhood of 20,000 men are willing to go in and risk their lives fighting the Sandinistas.

This is one of the reasons.

I completely agree with the Secretary that what you have here is a typical "Red Square" army—in other words, an army that is built big largely for intimidation purposes. That is exactly how it is being used in its effect on the surrounding, neighboring countries.

Senator SASSER. Gentlemen, I fear, quite frankly, that our presence there has been destabilizing. I think that our efforts to build up our military facilities in Honduras have simply stimulated a regional military buildup. After all, I think we have demonstrated that we could probably put the whole 82d Airborne Division into Honduras in the space of just a few hours, and, given that country's proximity to the United States and our ability to project our power from the continental United States and also from Panama and from ships offshore near that region, it is my view that our buildup there has, frankly, been counterproductive and has defeated our purpose.

Having said that, I will yield to our distinguished ranking member this morning, Senator Stevens.

DRUG INTERDICTION FROM PANAMA

Senator STEVENS. Thank you very much, Mr. Chairman.

It will come as no surprise to the chairman that I disagree with him, having been to Honduras and looked at the facilities. I feel they are temporary.

Let me address some of the concepts that are involved in this request.

The Senate just recently went on record to disapprove the finding that the Panamanian Government had cooperated fully with our Government with regard to drug interdiction. Yet I do not find any of your funds requested here related to our program dealing with drug interdiction.

Could you tell me why that is?

Mr. ARMITAGE. We would argue, Senator Stevens, that in Panama, the money requested for Rodman Naval Station has a direct effect on the drug traffickers. That is what General Galvin was referring to when he mentioned the 500,000 kilometers of navigable waterways and the ability of the drug traffickers to use these, particularly in the rainy season.

Senator STEVENS. You would relate the brown water Navy request to that?

General GALVIN. Yes, I would, Senator.

I think it is absolutely unfortunate that the vote went the way it did. There has been a lot of cooperation on the part of Panama. Apparently the vote went because of the banking question and whether or not money is being laundered through Panama.

In fact, there has been a lot of hard work in the past year. This is not military work, but something that I observed since I happen to be stationed there.

In getting Panama to release information about banking—and I think we were getting pretty close to it—I hope that will continue to go. But I can tell you that the impact of the vote was very severe in Panama and unwarranted, in my opinion.

Senator STEVENS. Let me ask you this.

JOINT SECURITY ARRANGEMENTS FOR PANAMA CANAL

As I understand it, in the year 2000, we are to come down and have joint security arrangements for the Panama Canal. Most of the facilities you are seeking money for in Panama, under my understanding of the treaty and the defense concepts there, would be abandoned by the United States in some 13 years, isn't that right?

General GALVIN. That's right, sir. The question is whether you want to abandon them in 13 years or now. I think we had better wait the 13 years. We really have some things there, sir, that we badly need.

Senator STEVENS. Well, I wonder if it is not possible if we could start now moving some of them back. I think we would be quick to approve funds to restore the Key West facilities or to restore facilities in the United States that would support action that might be needed in Panama. But, as I look over this request, it is primarily related to upgrading facilities that we are going to abandon.

I understand the need to keep people who are there happy. But to put in improvements, parking, and maintenance facilities to eliminate overcrowding for helicopters—why are we overcrowding them with helicopters when those are going to be relieved very soon?

General GALVIN. First of all, sir, we have already started the turnover of installations to the Panamanian Government, in accordance with the treaty. We started back in 1977.

There are only three airfields down there and we have turned over two. We have turned over Albrook and Coco Solo, or France Field. All we have left is Howard Air Force Base.

We had to move all the helicopters from Albrook over to Howard. In the meantime, those helicopters have been replaced. Those were Hueys. They have been replaced by the Blackhawk, which gives us a tremendously better capability—witness what we were able to do in Bolivia in suppressing the drug traffic in only 4 months with six Blackhawks.

U.S. DEFENSE OF PANAMA CANAL

But we still have well more than a decade to go here. I think that if we start to think about moving out too soon, I will not be able to carry out my mission. The mission is, first of all, the stability of the whole area. That stability is based on our ability to stay in contact with and operate the military of 17 countries, in accordance with the way the ambassador and the country team want to do it.

It also is the defense of the Panama Canal, which is not simple. You cannot just link hands around it. It is long-range naval reconnaissance. It is air reconnaissance, it is air defense, it is communications—it is a lot of things which, if I don't have them over this next decade, I could not guarantee that I could carry out the mission.

Senator STEVENS. General, I don't want to argue with you. That implies that we have not been doing it in the past, and I thought we were providing adequate defense, as a matter of fact, through past years, and I see really no reason to be building up facilities as we get ready to abandon that plan for defense.

General GALVIN. We have built up in the past years, because the situation has built up also.

In the 17 countries, you now have 10 insurgencies going on. You have a war in El Salvador. You have a war in Nicaragua. There are 7,000 guerrillas in Colombia now, and Colombia is in pretty bad shape, and so is Peru and so is Guatemala. The situation is worsening, not getting better, by any means. So, therefore, the requirements of trying to pass enough aircraft to Howard to support the embassies, to try to gain enough intelligence of what is going on in the area, to understand the

situation, et cetera, are all challenges for us. We are talking about an overall effort here of something in the neighborhood of 12,000 troops.

When I commanded a corps in Europe, it was 83,000 troops. We have 12,000 troops in all of the Southern Hemisphere, in the southern part of the Western Hemisphere. That is not very much.

The amount that we are asking for here is less than 1 percent of the defense Milcon budget, perhaps even less. In fact, it is less than one-half of 1 percent.

MAINTAINING EMBASSIES IN CENTRAL AMERICA

Senator STEVENS. Well, let me go to something else.

I think, Mr. Chairman, that we ought to have a briefing some time regarding what you are going to do to maintain these facilities in our embassies in Central America and that area when we lose Panama.

I would like to know what are your contingency plans. Maybe some of us will be vindicated for having voted against that treaty to begin with.

It just did not seem to me that it made any plans for the future in terms of what we need to do to defend ourselves.

Let me go to the Honduras issue just briefly, Mr. Chairman.

I disagree with the chairman. It sounds to me like he thinks we created the Soviet force by putting people in NATO after World War II. I do not understand that concept.

My understanding is that there are about 15,000 Honduran troops now, is that right?

General GALVIN. That is correct, sir.

Senator STEVENS. How many in Costa Rica?

General GALVIN. None, sir. There is no army in Costa Rica.

Senator STEVENS. And in El Salvador?

General GALVIN. There are 52,000.

NICARAGUAN INSURGENCIES

Senator STEVENS. There is an insurgency going on there, still——

General GALVIN. That's correct, sir.

Senator STEVENS [continuing]. As we learned again, to our sadness, last week.

Under those circumstances, the only implication can be that the Nicaraguans fear that we are going to invade them. That is the implication of the chairman, that they are building up to defend themselves.

I understand they are building up offensive capability that threatens their neighbors.

General GALVIN. They just held a large exercise near Choluteca, which is the only tank terrain, armor terrain, into Honduras from Nicaragua.

Recently, here in Washington, I met with a Nicaraguan commandante, who is stationed here because of the OAS, and I asked him, why would you conduct an exercise there. Why would you take, in the middle of your fight with the Contras, the time, effort, and equipment

to put tanks and artillery up on the border with Honduras and conduct a large exercise, the largest they could possibly conduct?

It is an army of intimidation. They want accommodation from their neighbors. They want their neighbors to become what they are, because they think they will be safer with Marxist neighbors. And so, they are going to work their strategy and plans for intimidation as well as they can.

This is the very same reason that every year the Soviets hold the big march through Red Square. It is very costly for the Soviets, and they are penny pinchers. But they do it because they realize the psychological intimidation of seeing rank upon rank of vehicles, rockets, missiles, and so forth.

Senator STEVENS. Do they still have the artillery in Nicaragua?

General GALVIN. They still have the 122 mm artillery, and they have the missile artillery.

Senator STEVENS. And the Soviet tanks?

General GALVIN. Yes; the Soviet tanks, well over 100.

Senator STEVENS. And helicopter gunships?

General GALVIN. Over 50.

Senator STEVENS. And the troop carrying aircraft?

General GALVIN. The same. Yes, sir.

Senator STEVENS. Mr. Chairman, I have to tell you. That country is smaller than the peninsula that is just south of my city of Anchorage. The whole country is smaller than just this one peninsula of Alaska. And yet, it has I think the most heavily armed population in this hemisphere on a population basis.

General GALVIN. Well, it is not heavier than Cuba, sir.

Senator STEVENS. Cuba is heavier.

General GALVIN. Cuba is much heavier than that. Cuba has something like the sixth largest amount of men under arms—well, I will have to provide that to you. But it is very high, when you count all the armies around the world.

[The information follows:]

MILITARY STRENGTHS IN THE AMERICAS

Country	Population	Military	Percent
Cuba	10,000,000	297,000	2.9
Nicaragua	3,300,000	119,000	3.6
El Salvador	5,300,000	56,000	1.0
Honduras	4,500,000	22,000	0.5
Guatemala	8,000,000	43,000	0.5
Panama	2,000,000	13,000	0.6
Costa Rica	2,600,000	8,000	0.3

NOTE.—Figures include reserves, public security, and paramilitary forces.

SOVIET INVESTMENT IN NICARAGUA

Senator STEVENS. The two of them together ought to be in the lead, shouldn't they, in this hemisphere?

General GALVIN. Sir?

Senator STEVENS. The two—Cuba and Nicaragua—have to be in the lead in this hemisphere?

General GALVIN. Yes.

Mr. ARMITAGE. It is fair to say, Senator Stevens, that the Nicaraguans have more men under arms and more equipment than their neighbors in Central America.

Senator STEVENS. Do you have any idea how much money the Soviets have put into Nicaragua in the last few years?

General GALVIN. It's hard to say. Right now they are running about one merchant ship a week, with the Soviets, Warsaw Pact, and others supporting Nicaragua.

The Soviets support Cuba right now at the rate of $13 million a day. It is the largest support they give to any country in the world.

Why? Because Cuba undermines the other countries of Latin America, which is very convenient for the Soviets.

Senator STEVENS. Well, I, for one, support the continued exercises in Honduras, and think we ought to let the world know that the Monroe Doctrine still means something to the United States.

Thank you very much, Mr. Chairman.

Senator SASSER. Thank you.

Senator Reid.

Senator REID. Thank you, Mr. Chairman.

ECONOMIC DILEMMA IN LATIN AMERICA

General, I think that some of the statistics you have given are revealing. You have indicated that probably one-half of 1 percent of the military budget is for the Central America area, is that right?

General GALVIN. That's correct, in terms of this construction budget. Actually, it runs about like that for any part of the budget.

For example, sir, last year, for all of South America, which is 20 percent of the world's land mass, the military assistance program was about $5 million.

Senator REID. Having served prior to coming over here on the Foreign Affairs Committee, that was one of the battles we always had with the foreign assistance programs, especially economic, because we spend so little there and it is one of the areas of the world where there is such extreme poverty. You have indicated the problems that are present in Colombia, Guatemala, El Salvador, and I think you mentioned Chile. If you did not, I am sure you could have.

It is clear that this part of the world is in a real ferment, isn't that true?

General GALVIN. Yes; it is true.

Senator REID. Aren't most of the problems—and I am just asking; I am not telling you—most of the problems in these countries that you have mentioned, don't they deal with the economic situation there, in those countries, which is severe in almost all the countries, such as unemployment, et cetera?

General GALVIN. Yes, sir. If I could, they deal, first of all, with 400 years of sociopolitical problems, structural problems, lack of infrastructure in the government. But they also deal with the enormous international debt that these countries have, which makes it practically impossible for them to do anything but wallow along.

But, even with these problems, you now have good news in here, and that is that 10 countries in the past 10 years have gone from autocratic governments to democracies down there. But they are all young, weak democracies, with this traditionally historically weak infrastructure.

They are severely weakened by the economic problems, by their historical problems, and now by the drug traffickers.

In the United States, we, ourselves, as a market, are now paying something like $12 billion a month for drugs. That kind of money going to Latin America and impinging on the infrastructure of governments because it is causing corruption and further weakening them. On top of that now, 10 countries have Marxist insurgencies.

So these Latin American governments are being struck on all sides. They are beleaguered. And now, they are struggling democracies that we dearly need, and we need to support them.

Senator REID. It seems to me that the Jackson Commission or the Kissinger Commission called for a combination of military and economic aid in those areas, that it was vital for the survival of that part of the world if we are going to have any type of democratic government, and that it is even more important now than ever. Isn't that right?

General GALVIN. Yes, sir.

It is a plan. The Kissinger report and the Jackson plan constitute a good strategy. The U.S. Congress, to a degree, has followed that. We just need to do more.

Senator REID. We hear much stress on the military aspect of the program, but we do not hear much about the economic aspect.

You would agree that it would take both, is that not correct?

General GALVIN. Yes; and the balance has been right. Look at this past year.

There was $1.2 billion spent in Central America, of which $225 million was military. Most of that, almost one-half of it, went to fight the war in El Salvador.

So the balance is about right, 4 to 1.

EL SALVADOR INSURGENCY

Senator REID. Seeing the press accounts of recent days, it appears that things in El Salvador have really picked up as far as confrontation between the insurgency and the government in power. Is that true, what we see in the papers?

General GALVIN. Well, really, that is what the guerrillas would like to have you think. They can do something like the El Paraiso attack, which was a very costly attack to the Salvadoran Government. They can do that on a periodic basis.

They have to rehearse for several months. The last time that very same place was attacked, by the way, a leader in that attack, a guerrilla leader, was captured, and explained in great detail how he was trained in Cuba for several months on a mockup of that installation.

This will continue. My guess would be that this attack was also an attack with the assistance, training, and rehearsals in Cuba, just as the previous one was. But that is one attack. That is an isolated attack, a very costly one. But it does not indicate the thrust.

The thrust you can see by counting always how many guerrillas there are. Two years ago, there were 11,000. This year, there are about 6,000.

Senator REID. This is in El Salvador?

General GALVIN. This is in El Salvador.

The Salvadoran guerrillas are almost one-half the strength they were 2 years ago. They have gone steadily and rapidly down.

Mr. ARMITAGE. If I might add, Senator Reid, on the question of El Salvador, we would argue that the guerrillas needed something spectacular because they are going down in total numbers of combatants, as General Galvin indicates. But, moreover, recently, El Salvador suffered a devastating earthquake. Here is a fragile democracy with a fragile infrastructure and with a devastating earthquake. And yet, the government functioned, facilities and services got out to the countryside. The integrity of this government was maintained.

This, in itself, was a tremendous blow to the guerrillas, who had hoped to make great hay out of the devastation of the earthquake.

So I would argue, as did General Galvin, that they needed a spectacular event, but it in no way implies that they have greater capabilities right now against the government.

INDEFINITE PRESENCE IN HONDURAS

Senator REID. Mr. Secretary, in your statement—and I have just glanced at it—it is my understanding that you maintain that our presence in Honduras is temporary. But for the first time, the language indicates that our presence there is indefinite.

What is the conflict between those two terms, that is, "temporary" and "indefinite," and does "indefinite" mean 5 years, 10 years? What does it mean to you?

Mr. ARMITAGE. Indefinite, to me, Senator, means that it is of a nature that it cannot be defined. We don't want to let others know what the length of our stay may be. As I indicated in my opening remarks to the chairman, it is indefinite and it depends on three things.

First of all, it depends on the threat. If the threat went away or were reduced, we would also reduce. We have no need to stay in Honduras on a permanent basis.

Second, we are only there at the behest of the Hondurans, and if the people of Honduras and the Government of Honduras change their mind and ask us to leave, naturally we would leave. We would have no choice, and we would leave immediately.

The third factor that determines the indefinite length of our stay, Senator, is the will of the administration and successive administrations, as supported by the American people.

Senator REID. I have nothing further, Mr. Chairman. Thank you.

Senator SASSER. Thank you, Senator Reid.

BUDGET JUSTIFICATION FOR PALMEROLA BASE CAMP

At this point in the record, I will insert the budget justification submitted by the Department of Defense in support of the request to initiate the Palmerola Base Camp replacement program.

[The information follows:]

1. COMPONENT	FY 1988 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		15 JAN 87

3. INSTALLATION AND LOCATION	4. PROJECT TITLE
Honduras Various, Honduras	Troop Support Facility Upgrade

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)	
22611A	721	21501	Auth	4,150
			Approp	4,150

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Primary Facility				3,001
Reloc. Billeting Phase I	EA	12	81,419	(977)
Relocatable Dining Hall	EA	1	142,485	(142)
Reloc. Hospital	EA	1	183,195	(183)
Reloc. Rec. Center	EA	1	111,952	(112)
Water Storage	LS	-	-	(488)
See Cost Estimates (Continued)				(1,099)
Supporting Facilities				738
Electric Service	LS	-	-	(214)
Water, Sewer & Gas	LS	-	-	(387)
Paving, Walks, Curbs & Gutters	LS	-	-	(21)
Site Improvement	LS	-	-	(102)
Communication	LS	-	-	(14)
Subtotal				3,739
Contingency (5.00%)				187
Total Contract Cost				3,926
Supervision, Inspection & Overhead (5.50%)				216
Total Request				4,142
Total Request (Rounded)				4,150
Installed Equipment - Other Appropriations				(0)

10. Description of Proposed Construction: Construct 12 relocatable billeting buildings, one relocatable dining hall, one relocatable hospital, and one relocatable recreation center. Project will include utilities and ten miles of double surface treated roads.

11. REQUIREMENT: 1,100 PN ADEQUATE: None SUBSTANDARD: 1,100 PN

PROJECT: Construct relocatable billets, dining hall, hospital, and recreation center. Pave ten miles of road.

REQUIREMENT: This project is required to provide adequate living conditions for personnel assigned to this site which currently utilizes tent replacement "cat" huts. These structures are inconsistent with U.S. standards for accommodations. The dining hall, hospital and recreation facilities are required to provide appropriate subsistence, health care, and off duty recreation facilities. The utilities and road systems are required to provide the infrastructure to effectively operate and secure the site. The facilities are to be porta-camp type modular relocatable structures. Phases II and III of the billeting camp are scheduled for FY 89 and 90.

CURRENT SITUATION: Site 3 is composed of wooden tent replacements, the hospital and dining facilities are marginal. Human waste is disposed of by mixing with diesel fuel and burning. No fire protection water system exists

1. COMPONENT	FY 1988 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		15 JAN 87

3. INSTALLATION AND LOCATION

Honduras Various, Honduras

4. PROJECT TITLE	5. PROJECT NUMBER
Troop Support Facility Upgrade	21501

9. Cost Estimates (Continued)

Item	U/M	Quantity	Unit Cost	Cost ($000)
Primary Facility (Continued)				
Sewer Treatment	LS	-	-	488
Roads (10 Miles)	LS	-	-	611
			Total	1,099

11. REQUIREMENT: (Continued)
CURRENT SITUATION: (Continued)
in an area consisting completely of wooden buildings. The water storage system is inadequate. The electrical distribution and lighting systems are temporary and do not conform to electrical codes. Existing roads are not properly laid out, are mostly of dirt composition, and the traffic raises large volumes of dust throughout the billeting and administrative areas. Recreational facilities are required to reduce soldier off post time thereby reducing their chance of being exposed to terrorist activities.
IMPACT IF NOT PROVIDED: If this project is not provided, the camp will continue to be operated under current inadequate conditions. As these facilities continue to age, soldiers will spend increasing amounts of time off base thereby increasing their chances of exposure to terrorist acts.
ADDITIONAL: Physical security has been reviewed and planning and programing actions have been taken where required.

12. SUPPLEMENTAL DATA:

A. Estimated Design Data:

(1) Status:

(a) Date Design Started ..... NOV 86
(b) Percent Complete As Of January 1987 35
(c) Percent Complete As Of October 1987 100
(d) Date Design Complete ..... OCT 87

(2) Basis:

(a) Standard or Definitive Design - Yes ___ No X
(b) Where Design Was Most Recently Used N/A

(3) Total Cost (c) = (a)+(b) or (d)+(e): ($000)

(a) Production of Plans and Specifications 218
(b) All Other Design Costs 147
(c) Total Cost 365
(d) Contract 250
(e) In-house 115

(4) Construction Start ..... DEC 87
month & year

PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

1. COMPONENT	FY 1988 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		15 JAN 87

3. INSTALLATION AND LOCATION

Honduras Various, Honduras

4. PROJECT TITLE	5. PROJECT NUMBER
Troop Support Facility Upgrade	21501

12. SUPPLEMENTAL DATA: (Continued)

B. Equipment associated with this project which will be provided from other appropriations:

Equipment Nomenclature	Procuring Appropriation	Fiscal Year Appropriated Or Requested	Cost ($000)
None			

1. COMPONENT	FY 1989 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		15 JAN 87

3. INSTALLATION AND LOCATION	4. PROJECT TITLE
Honduras Various, Honduras	Upgrade Facilities - Site 5

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)	
			Auth	3,050
22611A	721	21532	Approp	3,050

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Primary Facility				2,033
Relocatable Barracks (16 EA)	SF	28,800	55.56	(1,600)
Administration Building	SF	900	36.67	(33)
Central Latrine Facility	SF	3,200	125.00	(400)
Supporting Facilities				732
Electric Service	LS	-	-	(657)
Water, Sewer & Gas	LS	-	-	(60)
Communication	LS	-	-	(15)
Subtotal				2,765
Contingency (5.00%)				138
Total Contract Cost				2,903
Supervision, Inspection & Overhead (5.50%)				160
Total Request				3,063
Total Request (Rounded)				3,050
Installed Equipment - Other Appropriations				(0)

10. Description of Proposed Construction: Upgrade the base by replacing wooden 'cat hut' tents with 16 relocatable barracks with relocatable dining facilities, administration building, latrines, and utilities.

11. REQUIREMENT: 2,200 PN ADEQUATE: 300 PN SUBSTANDARD: 1,900 PN

PROJECT: Construct 16 relocatable barracks, administration building, latrines, and utilities.

REQUIREMENT: This project is required to provide adequate living conditions for personnel assigned to this site currently utilizing tent replacement 'cat huts.' The facilities are to be porta-camp type modular relocatable structures. This project is the second of three to upgrade this base. The first project is programmed for $4.15 million in FY 88.

CURRENT SITUATION: Site 5 is composed of inadequate wooden tent replacements. There is no parking for helicopters nor are there any maintenance facilities. The existing latrine facilities and road network are inadequate.

IMPACT IF NOT PROVIDED: If this project is not provided, the camp will continue to be operated under inadequate conditions. As these facilities continue to age, soldiers will spend increasing amounts of time off base thereby increasing their exposure to terrorist acts.

1. COMPONENT	FY 1989 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		15 JAN 87

3. INSTALLATION AND LOCATION

Honduras Various, Honduras

4. PROJECT TITLE	5. PROJECT NUMBER
Upgrade Facilities - Site 5	21532

11. REQUIREMENT: (Continued)
ADDITIONAL: Physical security has been reviewed and planning and programing actions have been taken where required.

12. SUPPLEMENTAL DATA:

A. Estimated Design Data:

(1) Status:

(a) Date Design Started ..... NOV 87
(b) Percent Complete As Of January 1988 35
(c) Percent Complete As Of October 1988 100
(d) Date Design Complete ..... OCT 88

(2) Basis:

(a) Standard or Definitive Design - Yes ___ No X
(b) Where Design Was Most Recently Used N/A

(3) Total Cost (c) = (a)+(b) or (d)+(e):

	($000)
(a) Production of Plans and Specifications	165
(b) All Other Design Costs	110
(c) Total Cost	275
(d) Contract	180
(e) In-house	95

(4) Construction Start ..... DEC 88
month & year

B. Equipment associated with this project which will be provided from other appropriations:

Equipment Nomenclature	Procuring Appropriation	Fiscal Year Appropriated Or Requested	Cost ($000)
None			

PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

Senator SASSER. Would you kindly tell us what is being requested at Palmerola?

General GALVIN. Yes, sir.

At Palmerola, we would like to take the hospital facility that we have there, which is in wooden buildings and in a place where it is very difficult to keep out the dust and vermin and so forth and where we have a small operating room and recovery wards, and change that from a wooden building into some kind of modular building. It would probably not be wooden.

What the construction of it would be, I don't know. But it would be a movable, relocatable, modular kind of building.

The same thing is true of the dining facility.

Senator STEVENS. Would it be air transportable?

General GALVIN. Right now we do not have a contract out for what the building would be, and a lot of people make modular buildings of different kinds. I would find it difficult, Senator, to say whether it would be air transportable or not.

You know, a Bailey bridge, for example, is air transportable. If you mean could it be put and flown in C–141's, it probably could.

Senator STEVENS. That's what I mean.

Pardon me for the interruption, Mr. Chairman, but I am very interested in that right now because of some recent exercises they had in Alaska, as to whether or not this could be modular, whether the construction could be broken down and moved readily.

General GALVIN. I really believe it could.

Let me ask some of the experts.

Can I get an answer from you, Jack?

General Dacey. Yes; you could do that. We have that capability now.

General GALVIN. Yes; we have that capability now, and we could do that.

Moving to the dining facility, it is the same thing. In the dining facility, it is currently a series of small, little buildings put together and made of wood. Again, the dust blows through and food drops on the floor and goes into the cracks. It is a rough, wooden building, so it is a little bit hard to clean. It tends to attract bugs and vermin. I would like to see that facility improved because I have eaten there many, many times.

You can get an adequate amount of food there and good food, but I would like to see the sanitary conditions upgraded a bit. I think it would be good for the troops.

The next thing is a recreation center. We are talking about a weight-lifting thing, where people can pump iron and do things like that. The troops at Palmerola are young men and women. This is the kind of thing that I feel keeps them physically fit and also keeps them from feeling that they need to go out of the camp and go someplace else. I would rather keep them in the camp for security reasons and because it lowers our profile of personnel in Honduras and I feel that it is a better

way. I have always felt we should give the troops some kind of physical exercise.

It is pretty hard to try to do much in the way of exercise in a dusty place that is full of rocks.

If I could go on for a minute, I was up there on Christmas Day last year. Christmas Day was a very hot day there, and the troops had built their own swimming pool. It was the size of an ordinary swimming pool and 1 foot deep. But they were floating around in it with little improvised rafts that they had made. They even had a suntan contest going on.

So, they can handle themselves. But I would like to see something better than a swimming pool that is 1 foot deep. made out of plastic and planks.

TEMPORARY FACILITIES CONSTRUCTION

Senator SASSER. Clearly, General, what we are talking about is moving more in the direction of making these so-called temporary bases, that we are now saying are there for the indefinite period of time—after all, everything we do in this world is indefinite, to a certain extent, Mr. Secretary—but what we are doing is moving in the direction of making these so-called temporary facilities more permanent in nature.

Now, whether they are modular structures or whether they are cement block buildings, they will last at least 15 years. That is beyond the year 2000, when we are even supposed to be moving out of Panama.

I do not want to engage in semantics, but I must say that my patience is being tried a little bit this morning by the exhibition that we are seeing here.

DOD regulations state that any construction with a life of 5 or more years is semipermanent or permanent. The construction we are talking about this morning is going to be at least 15 years. It will last at least 15 years, isn't that correct?

General GALVIN. Well, sir, it could last 15 years.

Senator SASSER. When I was in Honduras last year, I discussed the Palmerola replacement project with the task force commander, who at that time was Colonel Comee, who has since been retired. The project then was still in the planning stage.

I asked Colonel Comee what his view of the project was, and he said, and I quote: "If we're going to stay here"—talking about this project that you have laid out to us today—"then we should fund it. If we're not going to stay here, it's a waste of money."

So we are here today, talking about funding it and talking about folding part of it up and putting it in airplanes and flying it somewhere else.

I wonder how cost efficient that is, to build something down there and then try to fold it up and get it into a C–141 and fly it somewhere else.

This chairman did not come in on the last load of hay. I know what is going on down there. We can gild the lily as much as we want to this

morning. But what we are really talking about is moving in the direction of building a permanent facility at Palmerola.

We can say it is indefinite, if we want to. But it is going to be there for a long time.

TROPICAL HUT CONSTRUCTION

Let's talk about these tropical huts that were built down there with great fanfare 2 or 3 years ago. We were told these are just totally temporary and they won't last until the water gets hot.

As a matter of fact, some of my colleagues went down there to look at them and they came back to testify to that fact.

Some of them are on this subcommittee here today.

Well, these existing wooden cat huts are now 4 years old, and we have the original contract here which indicates that these huts are guaranteed, or warranted, to last for 10 years. So we still have 6 years to go on these structures.

Are we asking now to upgrade and move out of these structures, which have 6 more years to go on their warranted lifetimes?

General GALVIN. Mr. Chairman, I did not ask for these last year and I had a lot of conversations, as did some of my staff, with your staffers. The wording that came out both from the House and from the Senate in the language of the Milcon appropriations bill, was something like this, if I can quote one line: "The committee also supports the House position that military construction projects necessary to house and feed our troops will be given every consideration if the mission so dictates."

They were talking about Palmerola.

On the basis of that kind of guidance from the Congress, which fit exactly into what I think we need to do in order to upgrade the quality of life for the troops, I was very encouraged and looked hard to determine what would be the minimum things that we need to do.

I still feel that, regardless of whether we leave there next year or we leave there 5 or 10 years from now—and I have no idea when that is going to be because that is not controlled by me and it is not even controlled in this country. It is controlled, to some degree at least, by our opponents in the region.

I believe that with that kind of guidance, I should go ahead and take a hard look at whether I thought the soldiers were living well.

I do not think, Mr. Chairman, that the soldiers are living well. I think that this will affect their morale, it will affect their reenlistment, it will affect ultimately the quality of people that we have in the armed services.

Therefore, I have come in strongly requesting a clinic, a dining facility, a recreation center, a sewage facility, and barracks for 300 soldiers.

Senator SASSER. Well, General, the personnel who are at Palmerola are stationed there for a tactical, temporary deployment. How many of the personnel at Palmerola are stationed there for longer than 6 months at a time?

General GALVIN. Very few people are stationed there longer than 6 months at a time. Only about six people are stationed there for a year or longer.

Senator SASSER. Don't we rotate the majority of the 1,100 people who are in Honduras in and out of there, usually within 2 to 4 months?

General GALVIN. The time is within about 2 to 4 months, normally. Some go to 6 months; some longer.

Senator SASSER. Well, isn't one of the reasons for going to Palmerola or going to Honduras for training exercises to give the troops some sense of how it will be when they get out and live, to a certain extent, in the rough?

General GALVIN. That's right. The exercise people live in foxholes. They live in foxholes. They do not live in the wooden huts at Palmerola. Only the people who are there to direct the exercises and for other missions on a more steady basis than an exercise are there at Palmerola. The rest live in foxholes, as they should.

Senator SASSER. Well, when I was there at Palmerola, the base commander indicated to me that we can make do with cat huts, and, in fact, indicated that they would rather be in the cat huts. They are holding up pretty well, and they just take some occasional maintenance.

He indicated that the cat huts at least were cool, and that, if we started moving to new structures, these new structures would have to be air-conditioned, and we don't want to move into an air-conditioned presence there in Palmerola and Honduras, do we, for these temporary facilities?

General GALVIN. First of all, of course, we do not want to do that. We do not want to move into air-conditioned buildings.

With regard to the question of whether a wood structure or another type of structure is cooler, the engineers tell me that the wood structures are warmer. I suppose that there are lots of different opinions about these things.

What I am really concerned about is whether the structure will hold up, whether it will be fit for the soldiers to live in, whether it is easy to maintain and keep clean. I feel that, when you are talking about these wooden structures, many of which have collapsed or have partially collapsed over time, the only reason that they have stood up pretty well for the 4 years is I have deployed a lot of small engineer units down there to keep working on them.

Right now, for example, the electricity in those things is not something that I am very happy with. It is just wire strung from one of those huts to another. I am upgrading that at the present time.

There are many other aspects of those buildings which are just rough, clawhammer type buildings, that make me feel that we could do something better than that for our troops that are going to be there for several months at a time.

Senator SASSER. My concern is that when this whole controversy started 2 or 3 years ago, I was maintaining that we did not have a temporary presence there and the administration was saying oh, no, this is temporary, we are going to be out of there very, very shortly.

Then we started looking into it and found, for example, that these troops quarters at Palmerola were warranted for 10 years by the contractor who had built them. And now, 6 years before that warrantee expires, we are back here, requesting additional troop facilities that will last, according to all calculations, beyond the year 2000.

So, it looks like this presence seems to stretch on and on.

FIVE-YEAR CONSTRUCTION PLAN

At this point, I would like to submit the 5-year construction plan, which the witnesses submitted today, and later on, I would like to discuss some of the other elements of the 5-year plans. But for now, I will just discuss Honduras.

[The information follows:]

CONSTRUCTION PLAN AND ENGINEERING ACTIVITIES - CARIBBEAN BASIN 1987 -1992

SUMMARY

($ in millions)

MILCON

FY	87	88	89	90	91	92	TOTAL
Antigua	0	3.25	6.47	2.00	0	2.10	13.82
Cuba	0	2.69	0	32.10	10.96	14.40	60.15
Honduras	4.30	4.15	3.05	13.00	10.00	0	34.50
Panama	0	34.09	13.19	16.81	26.64	13.06	103.79
Puerto Rico	9.73	3.62	10.20	10.20	21.20	2.50	57.45
Other	3.79	15.58	.85	0	8.60	6.40	35.22
	17.82	63.38	33.76	74.11	77.40	38.46	304.93

FAMILY HOUSING

Panama		21.00	33.00				54.00

HONDURAS NON EXERCISE O&M FUNDING

Reported to date	1.92						1.92
Estimated	2.00	4.00	4.00	4.00	4.00	4.00	22.00

HONDURAS UNSPECIFIED MINOR MILITARY CONSTRUCTION

Reported to date	1.01						1.01

EXERCISE RELATED CONSTRUCTION

Reported to date	2.80						2.80
Estimated	.81	4.20	4.50	4.50	4.50	4.50	23.01

CONSTRUCTION PLAN AND ENGINEERING ACTIVITIES CARIBBEAN BASIN

FY 1987 - 1992

NOTES

A. Military construction projects as listed for FY 1990-1992 are included in out year planning and are still subject to additional Service and OSD review prior to being included in future budget requests. Some requirements, although identified at this time, are not included and will be addressed in the future considering changing requirements and budget constraints.

B. Operation and Maintenance (O&M) costs for troop accomplished items include materials and identifiable POL costs and does not include statistical labor, equipment use, and transportation costs.

C. Construction associated with exercises has not been put in final form, designed or approved by possible host nations for FY 1989-1992; however, tentative plans indicate a possible level of effort of about $3 million per year.

D. Non exercise construction with O&M funds is accomplished either by contract or with activity personnel.

CONSTRUCTION PLAN AND ENGINEERING ACTIVITIES

CARIBBEAN BASIN FY 1987 - 1992

APPROVED FY 1987 MILITARY CONSTRUCTION PROGRAM

	($000)	
HONDURAS		
Contingency Facility	4,300	Provides support to aviation unit temporarily deployed.
PUERTO RICO		
Roosevelt Roads		
Range Operations Center Addition	4,220	Replace Temporary Facility. Upgrade electronics equipment.
Equipment Maintenance Facility	3,930	Support for deployed SeaBee battalion.
Security Facilities	790	New UDT assigned to this location.
Sabena Seca		
UEPH Improvements	790	Quality of life.
BAHAMAS		
Civilian Quarters	3,790	Relieve overcrowding. Provide modern housing for contract personnel.

PROPOSED FY 1988 MILITARY CONSTRUCTION PROGRAM

	($000)	
ANTIGUA		
Personnel support facs	3,250	Training support. Provides dining hall.
HONDURAS		
Palmerola		
Facility improvements Phase I	4,150	Improve facilities by replacement with modular construction.
GUANTANAMO BAY		
UOPH modernization	1,770	Quality of life. Remote location.
Energy improvements	917	Energy conservation.

PANAMA		
Ft Clayton		
400 Relocatable units family housing	21,000	Needed to eliminate shortage on the Pacific side.
Ft Kobbe		
Consolidated imagery facility	6,000	Required to accommodate imagery exploitation/analysis for existing intelligence mission.
Upgrade helicopter facilities	6,700	Parking and maintenance facilities to eliminate severe overcrowding.
Howard AB		
Upgrade airfield facs	10,690	Pavement and maintenance facilities to support existing AF mission.
Install/Upgrade lighting	310	Flightline security lighting to support existing mission.
Add to and Alter photo lab	940	Needed to house existing and additive personnel and equipment.
Munitions facility	2,450	Munitions maintenance, assembly and storage facilities for standard weapons handling and processing.
STOL Aircraft facilities	7,000	Parking, operations and maintenance for STOL aircraft being assigned to the Air Force mission.
PUERTO RICO		
Naval Station		
Telemetry building	2,020	Weapons range improvements.
Security improvements	400	Sabena Seca Security Group
Ft Buchanan		
Air Cond Elem School	1,200	Quality of life.
KEY WEST		
Municipal water connection	5,400	Navy's share of system improvement.
Radar Air Traffic Control Center	1,180	Now in small trailers.
Hydrofoil berthing wharf	9,000	Relocate from Trumbo Pt. to Truman Annex on Key West.

PROPOSED FY 1989 MILITARY CONSTRUCTION PROGRAM

	($000)	
ANTIGUA		
Support facilities	6,470	Training support for special warfare units.
HONDURAS		
Palmerola		
Facility improvements Phase II	3,050	Improve facilities by replacement with modular construction.
PANAMA		
Naval special warfare unit facilities	7,140	Provides operations buildings, BEQ, small craft berthing.
Ft Clayton		
Child development center	1,300	Replaces substandard child care facility.
600 units relocatable family housing	33,000	Required to eliminate severe shortage of family housing.
Corozal		
Barracks modernization	2,100	Quality of life.
Howard AB		
Alter UEPH	2,650	Quality of life.
PUERTO RICO		
Ft Buchanan		
Middle school	10,200	Alleviate overcrowding.
KEY WEST		
Electrical distribution system	850	Upgrade utilities.

PROJECTS CURRENTLY IN PLANNING FOR THE FY 1990 MILITARY CONSTRUCTION PROGRAM

	($000)	
ANTIGUA		
BEQ	1,600	In support of special warfare unit training.
Warehouse	400	Satisfy deficiency.

CUBA		
Guantanamo Bay		
Hospital modernization	17,500	Required to upgrade substandard existing facilities.
Police Station	1,000	Replaces undersized old facility.
Shore intermediate maintenance activity	13,600	Replaces substandard facility.
HONDURAS		
Palmerola		
Facility improvements Phase III	3,000	Improve existing facilities by replacement with modular facilities.
La Mesa		
Airfield improvements	10,000	Provides pavement, fuel storage and related facilities for exercise and crisis support.
PANAMA		
Ft Clayton		
Elec/Comm calibration facility	333	Required to provide adequate facility for maintenance and repair of electronics equipment.
Convert bldg 20 to barracks	1,722	Required to eliminate substandard troop living conditions.
Modify barracks	1,633	Required to eliminate substandard troop living conditions.
Ft Davis		
Barracks with dinning hall	2,349	Required to eliminate substandard troop living conditions.
Modify barracks	1,633	Required to eliminate substandard troop living conditions.
Howard AB		
Bypass road	5,600	To eliminate the current passage of civilian traffic through the base.
Balboa		
High school addition	3,540	Improvement to safety and security.

PUERTO RICO

Naval Station

Dental clinic	3,000	Replaces inadequate clinic.
Child care center	1,600	Quality of life.
Addition and renovation to elementary school	3,200	Upgrades substandard facility.
Addition and renovation to Middle/High school	2,400	Upgrades substandard facility.

PROJECTS CURRENTLY IN PLANNING FOR THE FY 1991 MILITARY CONSTRUCTION PROGRAM

CUBA	($000)	
Guantanamo Bay		
Civilian barracks	4,900	Living quarters for third country national work force.
Chapel and religious education facility	1,900	Quality of life.
Waterfront operations facility	1,600	Upgrade working conditions.
Elementary/HS addition	2,560	Required to accommodate increased student loading.
HONDURAS		
Goloson		
Airbase improvements	10,000	Follow on development project, fuel storage, hydrants and distribution and parking for exercise and crisis use.
PANAMA		
Ft Davis		
Barracks with admin modernization	1,706	Eliminates substandard troop housing conditions.
Child development center	3,260	To provide adequate facility for this function.
High school	10,470	Required to replace deteriorated and inadequate unsafe facility.
Howard AB		
Aircraft maintenance facility	1,000	Provides for adequate maintenance space.

Alter UEPH	3,000	Eliminates substandard troop housing conditions.
Access bridge	1,500	Provides safe access across four lane Pan American highway.
Recreation complex	5,700	Replaces aging recreation facility.
PUERTO RICO		
Naval Station		
Hospital modernization	8,000	Upgrades substandard facility.
Hazardous material warehouse	1,100	Allows adequate handling of hazardous material.
Torpedo Shop	6,500	Upgrade working conditions.
Ft Buchanan		
Addition and alteration to elementary school	4,200	Upgrades substandard facility.
Ramey		
School renovation	1,400	Upgrades substandard facility.
KEY WEST		
Electrical power plant	3,500	Provides emergency power.
VARIOUS		
Caribbean basin radar network	5,100	Improve air traffic control and surveillance.

PROJECTS CURRENTLY IN PLANNING FOR THE 1992 MILITARY CONSTRUCTION PROGRAM

ANTIGUA	($000)	
Water storage	2,100	Provides adequate water storage.
CUBA		
Guantanamo Bay		
Civilian BEQ	1,700	Living quarters for third country national work force.
Quaywalls	8,700	Waterfront structural improvements.
Civilian BEQ	2,100	Living quarters for U.S. civilian workforce.
Water storage tank	1,900	To provide adequate water storage.

PANAMA		
Ft Davis		
Tactical equipment shop	5,064	To improve capability to repair and maintain tactical equipment.
Physical fitness center	8,000	Replaces ageing recreational facilities.
PUERTO RICO		
Naval Station		
Approach lighting	1,700	Upgrade aircraft landing aids.
Physical security upgrade	800	Security improvement.
KEY WEST		
Physical security upgrade	1,000	Airfield security improvement.
Aircraft weapons loading area	3,600	Improve safety of operations.
Water storage and distribution	1,800	Improve utility system.

NON EXERCISE MINOR CONSTRUCTION FY 1987

PREVIOUSLY REPORTED

HONDURAS	($000)	
Palmerola	1,837	76 Projects
COSTA RICA		
Temporary base camp	56	Support deployment for training.
BELIZE		
Temporary base camp	23	Support deployment for training.
PANAMA		
Temporary base camp	5	Support deployment for training.

NON EXERCISE MINOR CONSTRUCTION PLANNED FOR FY 1987

NOT PREVIOUSLY REPORTED

HONDURAS	($000)	
240 man dining facility	194	Quality of life

Helipad	15	Operational facility
Hot refuel facility	15	Operational facility
Palmerola security upgrade	125	Physical security
Blackjack security upgrade	125	Physical security
Recreational club	91	Quality of life
Weight room	15	Quality of life
Mail room upgrade	5	Operational facility
Auxiliary power line	70	Reliable power
Motor pool upgrade	25	Operational facility
Area lighting	65	Operational requirement
Power loop upgrade	20	Reliable power
Hutment interior power	2	Reliable power

SERVICE UNSPECIFIED MINOR CONSTRUCTION

PREVIOUSLY REPORTED

	($000)	
PALMEROLA		
Parking apron	492	Operational improvement.
SITE 7		
Staging areas/access road	520	Operational improvement.

CONSTRUCTION RELATED TO EXERCISES FY 1987

PREVIOUSLY REPORTED

Five Million Exercise Construction Set Aside

HONDURAS		
PALMEROLA		
Engineer base camp	154	Exercise support
Expand base camp	192	Exercise support
SAN LORENZO		
Upgrade airstrip	162	Troop exercise
Parking ramp	195	Troop exercise

Road and storage area	78	Troop exercise
Base camp	71	Exercise support
PUNTA RATON		
Causeway	885	Troop exercise
Base camp	171	Exercise support
JAMASTRAN		
Upgrade airstrip	160	Troop exercise
Road and apron	111	Troop exercise
Base camp	125	Exercise support
Power line reroute	5	Safety
Volley/Basketball court	23	Quality of life
Recreational club	91	Quality of life
Vehicle access barriers	125	Physical security
Security fencing	174	Operational requirement
Dust control	170	Quality of life
Covered storage	75	Operational facility
Operations facility	19	Operational facility
Swimming pool	170	Quality of life
Parking apron	15	Operational facility
JOCON		
Road	250	Troop exercise
OSA GRANDE		
Base camp addition	105	Exercise support
PANAMA		
DAVID		
Equip storage/acft tiedowns	30	Troop exercise
EL HATO DEL VOLCAN		
Base camp	60	Exercise support
RIO SERENO		
Base camp	50	Exercise support

MILITARY CONSTRUCTION PROJECTED FOR HONDURAS

Senator STEVENS. Mr. Chairman, can I discuss this Palmerola matter just a little bit here?

Senator SASSER. Senator Stevens, I will yield to you in just a moment.

According to this plan, you are proposing over $30 million in major military construction in Honduras in the next 5 years.

In addition, you are projecting another $20 million in nonexercise-related operation and maintenance funding.

It appears that exercise-related construction in Honduras could be another $3 million or $4 million a year during the period.

Judging by this construction plan, it appears that we will be spending $65 million in construction activities in Honduras in the next 5 years.

According to my calculations, we have already spent $25 million in approved military construction in Honduras, and when I say approved, that is approved by the Congress and the committees of competent jurisdiction. And we have spent another $20 million in total funded and unfunded costs of construction during exercises, primarily for base camps, and primarily for the airfields. These were not approved by the Congress.

So we are really talking about a construction investment of over $100 million in Honduras.

Now, given the fiscal constraints under which we are operating up here now, this is not an insignificant expenditure.

Aside from the 3-year Palmerola replacement project, tell us what military construction is being projected for Honduras in the next 5 years.

General GALVIN. Well, as you mentioned, Mr. Chairman, there are two types of construction. One is exercise-related construction, which the Congress has closely controlled, and especially now—and I think it is quite right—with the worldwide $5 million ceiling on exercise-related Milcon. This is in contrast to going into the O&M account on the basis of commanders' authority for $200,000 in minor construction. I think if it makes the Congress feel more sure of what is happening in Honduras, that is fine.

Of that $5 million, all of that money was not spent in Honduras—there was something like a total of $3 million this year in all of Latin America. My portion of that $5 million was $3 million, some of which went into Honduras.

So I think that that is very well under control. Those numbers would indicate that what I have planned for the years coming along is the same as we have had this year and the past year. This is because it looks to me that until the situation changes, I ought to go ahead and prudently plan for about the same level of activity.

Now, on the second construction type, outside of exercise construction, included in the 5-year plan are Milcon projects primarily aimed at two existing Honduran airfields.

We are in tremendously better shape than we were a few years ago, to respond to any kind of crisis in the Caribbean or in Central America.

Before that, remember that if you look at the number of airfields that could be used by a C-141, you are talking about one in Guatemala, perhaps two, but Guatemala City is the main one. And you were talking about really none in Honduras, two in Costa Rica—San Jose and Limon—and then two in Panama, and that is all.

That is not enough to cover even the weather contingencies and so forth when you are trying to move in an area.

We should be able to respond to a crisis down there.

La Ceiba, La Mesa at San Pedro Sula, Tegucigalpa and Palmerola—you have four airfields there. Some are a lot better than others, but you have four airfields that relatively large aircraft can get into, and they have some navigation aids and they have some fuel. So in any kind of weather, you can get into four airfields with the possible exception of Tegucigalpa that is daylight capable for C-130's only.

That is a major improvement over anything that we had before, and our construction to improve La Ceiba and Palmerola was approved by Congress on a contingency basis—that if we had a contingency, we would go in there.

What we want to do now is establish better fuel capability in those places and upgrade in a couple of other ways, minor ways. One is to build an apron for a little bit more parking at La Ceiba and La Mesa so that you can unload more aircraft at the same time if you have to.

So it is fuel and parking areas in airfields that we are talking about.

I think we have an excellent program there. I think it is one that will serve as a deterrent. It will definitely allow us a lot more flexibility than we would have in the region without it.

So I hope that this programmed part of the construction, over and above the exercise construction, will stay in there.

One other comment would be this. If the level of threat goes down, we can cut the exercises down, or maybe we can cut the exercises down because we feel we are getting enough deterrence, depending on the actions of the Sandinistas, the junta, and what they seem to be intending to do. But I also have to think not only about intentions, but their capabilities.

I am trying to keep that down to predictable levels.

We did not use all the exercise construction money that we could have. We clearly put a wedge in the budget to work more on these airfields, and I hope that we will be able to explain adequately our need for that kind of crisis capability.

Mr. ARMITAGE. Mr. Chairman, regarding Milcon, particularly in the out-years 1990 and 1991, we have given you our best estimate. But I would like to stress to you and to the members of the subcommittee that we have not validated those requirements yet. The JCS and OSD will be looking at those to see if they will actually become budget items—line items in our budget submission.

Senator SASSER. Let me put this matter in perspective.

As far as military construction is concerned, we have seen ourselves move, over a period of 4 or 5 years, from the position that we were

simply constructing temporary facilities in Honduras to be used solely for the support of our exercises there, to the point now where we are admitting here that we are constructing facilities that will last indefinitely, and that these facilities are being constructed for deterrent purposes, and that we are going to continue our presence and activities in Honduras for deterrent reasons until, as we perceive the threat, it has diminished.

Now, gentlemen, that has been my problem from the very beginning, that we just did not come out and forthrightly say, and tell this Congress and the committees of competent jurisdiction that yes, we are constructing military facilities in Honduras, and we are constructing them there to remain indefinitely for contingency purposes, and for the purpose of deterrence, and we are not going to remove them until we see the threat has diminished.

It appears to me if we had come and said that forthrightly at the beginning of this whole process, we would not have had nearly as much turbulence.

The Congress has authorized and funded construction for two airfields in Honduras. You have already worked on another seven airfields, six of which were built before the Congress was notified. The reason given was that they were simply exercises that could be constructed out of O&M funds.

AIRFIELD CONSTRUCTION FUNDING

As I understand it, General, you now want to provide $20 million for airfield construction in this plan you have submitted here?

General GALVIN. That is correct, Mr. Chairman. Also, when we submit it, it will be for permanent construction in some of these airfields. Originally there were two airfields involved, as you know, Palmerola and La Ceiba. We submitted that as contingency construction.

Senator SASSER. That's correct, and Palmerola was approved on that basis.

General GALVIN. That's correct.

Senator SASSER. General, you were not down there then, but when we approved Palmerola, the reason given for the Palmerola base was that we needed a fighter strip that would be F–16 and F–15 capable, that this strip would not take large aircraft, like the C–5. Yet we routinely now see C–5's landing at Palmerola. I have seen them myself.

When we finish here, with the $20 million that you have requested, all told we will have built or improved 10 airfields in Honduras.

That is a correct statement, isn't it?

General GALVIN. That is a correct statement. But there is more to be said about it than that. If I could, Mr. Chairman——

Senator SASSER. I don't want to cut you off, General. You are free to say what you wish.

General GALVIN [continuing]. Thank you very much, sir.

Those other small airfields, the dirt airstrips, have had nothing to do with our contingencies. They have been Honduran requests.

We wanted to put a force presence down there. We were interested in trying to do that in a way that would be acceptable to the Hondurans also. When you deter somebody by deploying down into an area, it does not matter to the Russians when they watch it whether you deploy a tank or whether you deploy a bulldozer. They know what it means.

So we have deployed several times heavy equipment on a rapid basis from different places in the United States into Honduras.

This carries a message with it. This says that if we really wanted to, we could deploy quickly in here.

We need to send that message.

Now, instead of deploying tanks, we deployed bulldozers and we asked the Hondurans what would you like to construct. But it has to be something that we can just do as part of our training, and we are not trained to build asphalt runways and highways and bridges. But we are trained to build dirt strips.

That is what our airborne engineers, for example, are trained to do.

So the Hondurans said put one at Cucuyagua, which, by the way, is up against the Guatemalan border. It does not have anything to do with Nicaragua. We built one there.

They said we would like to put a battalion, the 15th Battalion at Mocoron, but we don't have roads. Could you put a dirt strip out there, and we did.

This was the basis of the way we built the strips.

Some of those dirt strips have been reused; some of them have been neglected. But the original purpose of them was to get with the Hondurans and find out what they would like to have done if we brought some engineering equipment in.

Now, in addition to those strips, they said how about digging some wells, and we did. Could you build us a dock along the river? We did that. How about working on a road? And we did that.

So there was a mix of things that we did in order to be able to deploy down in a satisfactory manner and show our capabilities for doing that.

Now, I would not want to say—and I do not think it would be right to say—that a strip like Palmerola or a strip like La Ceiba, which the Congress approved to be built for different purposes—that is, crisis action purposes—would be the same as the strip at Cucuyagua or the strip at Puerto Lempira or the strip at Mocoron. Those are dirt strips which, I agree with you in your comments earlier, do not fade away as fast as I thought they would. And they will last a little while. But they will not last more than a few months, until they have rain or little canyons of rainwater across them that would cause all to have to be repaired before you could do anything to them.

In some cases, the Hondurans have kept them repaired, and in other cases no.

Senator SASSER. Well, we do know, General, that immediately after the Big Pine II exercise in 1984, the air base at Aguacate became the main logistical base for the Contra operations there. We know that just

2 months after the last exercises at Mocoron last year, Gene Hassenfus and his group were using that airfield, which had been constructed there by U.S. Army Engineers. We are saying that some of these airfields in that region that were constructed for military exercises were later used to support the counterinsurgency, the Contras, or whatever you want to call the group that is operating out of Honduras.

There is a sense that perhaps the administration has been less than forthright in advising the Congress about construction funds that were used for these airfields, that were later used for these Contra activities. Perhaps that was the single and sole purpose on somebody's mind for building these airfields.

General GALVIN. I would comment that, of course, I don't know what is in anybody else's mind. But in my mind, these things have been constructed for the purposes that I said; that is, we asked the Hondurans where they wanted them. They basically constructed them near their borders with Guatemala, El Salvador, and Nicaragua, because they do not have roads out in those mountainous areas, but they knew they might need to move troops out there to defend their borders.

Now, of all of these strips that we have discussed, two of them have been used, as I understand it, by people in support of the Contras. But they were not built for those purposes. They may have been used for those purposes. But there was no connection between the military and the CIA or anybody else in terms of providing reasons for those strips to be located where they are. Absolutely no connections.

I have talked that over with General Gorman. And I know on my own part there was never, never any connection in there.

If the airfield at Aguacate, for example, has been used—and it has—for those purposes, that is entirely incidental.

It would be very difficult for me to try to do some construction in Honduras or, any other country, and absolutely guarantee that somebody else could not use it for something else.

Mr. ARMITAGE. This is a very important point, Mr. Chairman, and I want to assure you that I know and the Department of Defense knows of no improvements to airfields in Honduras which emanated from the Department originally.

I believe the requests all came out of the command, for the reasons that General Galvin has specified.

I know of no imposition on General Galvin or his predecessor for certain construction or improvements to existing fields over another.

General GALVIN. In other words, I could tell you frankly that I have never improved anything so that the CIA or somebody else could use it to help the Contras.

Senator SASSER. Senator Stevens.

TROOPS IN HONDURAS FOR EXERCISES

Senator STEVENS. How many troops do you expect to have down in Honduras during this calendar year for exercises?

General GALVIN. The total number of troops in and out—there are several different exercises, lots of small ones and a couple of big ones—the total is somewhere probably around 14,000 to 15,000.

Senator STEVENS. The facilities you are asking for are for a cadre of 300, roughly, that are going to service those troops as they come and go?

General GALVIN. That's correct.

Senator STEVENS. And the facilities you are talking about are a small workout room, a dining room, a hospital, and are primarily related to those troops that are there, more than just for exercise purposes, right?

General GALVIN. Yes, Senator.

Senator STEVENS. I don't know about the chairman, but I lived in some of these huts in World War II, and it gets awfully blasted boring. I am surprised they did not dig that swimming pool a little bit deeper.

It leads me to wonder why don't you use some of them for self-help facilities? Why don't you let them have an exercise of building a swimming pool?

General GALVIN. We are, Senator. We are using a lot of troops for self-help.

Also, I have tried to keep down the number of troops that we have there at Palmerola. I have tried to keep it under 1,000. It is maybe a little bit over 1,100 right now. It is hard to do that and have them do other work, too. These are people, every one of whom has a job and a backup job, and it is pretty hard to pull them off to build anything.

Senator STEVENS. I am not talking about pulling them off. I was in Korea in December, and I saw the self-help projects over there. They are doing fantastic work in terms of building recreation facilities, and what-not.

If the need is there, I think these young men can surprise you one of these days, General.

I agree with you. I don't see how you can keep young Americans in the service now and have them live in a nonemergency period in support of exercises in a way that we might have to live when we were actually in a wartime period. It seems to me that this is a modest request for those facilities.

As far as the chairman's comments in regard to proper authorization, I have to take exception to that.

I was chairman of the Defense Subcommittee at the time we put these facilities in the bill. We all knew they were in the bill. As a matter of fact, the chairman had an argument with me on the floor about those two facilities. It is in the record that he disagreed with our judgment to allocate the money. But the money was there and they were authorized.

There was no question about it at the time.

I appreciate the fact that he is now chairman and I am not. But I have the feeling that the Congress is going to still agree with me and with you that if these young people are going to be down there with this operation and these exercises, they ought to be treated as young

American servicemen expect to be treated in terms of having facilities there for them, and medical facilities for their care in the event of emergency, and some recreational off-duty facilities in order to help them stay out of trouble.

Now I am going to be pleased to take that argument to the floor. I want to guarantee you that. If it is not in the bill, we will have that argument again concerning how we treat out people when they get assigned down there.

As a matter of fact, the Alaska Air Guard was down there again this year. I think we will have a portion of our Army Guard in one of these exercises, if I have heard right.

I just came back from exercises in Alaska during the wintertime, and, as I told you, those are temporary exercises, and the people who get moved around expect to live in tents and foxholes. But the people who are there throughout do not expect to do that. They expect to be treated so that they can go back in the evening, for the duration, have rest and relaxation, exercise, and have their normal facilities. They are not on exercise if they are part of the cadre, and they should not be treated in that way.

Senator SASSER. If the Senator would yield, there is in this request $170,000 to build a swimming pool at Palmerola; there is $23,000 to build a lighted volleyball and basketball court; $91,000 for a recreational club. So I think, when your National Guardsman from Alaska get to Palmerola, they will feel like they are being well treated.

Senator STEVENS. Mr. Chairman, I think they ought to be well treated. But those facilities are not for my people when they go down there. I want you to understand, Mr. Chairman, that they are for the people who are there on semi-full-time assignment, from 3 to 6 months. The Reservists who go there for these exercises might have the incidental use of that medical facility and maybe they will get access to the workout facilities, but they are not going to live in these facilities. These 300 units are not for them.

They are there for a short period of time and they expect it to be a short-duty station.

The chairman mentioned the F–15 and F–16. To my knowledge, neither of those has ever been deployed to Honduras. Have they?

General GALVIN. No; they have not been deployed to Honduras. I did not take the opportunity earlier to say that the strip was not specifically built for F–16's or F–15's. The strip was built as a long airstrip that could take any kind of deployment aircraft, whether it is a fighter, a cargo aircraft, an intelligence aircraft, whatever else.

FIVE-YEAR PLAN IN HONDURAS

Senator STEVENS. The plan we are talking about is a 5-year plan. I understand the request before us right now for Honduras is $4,150,000, isn't that right?

General GALVIN. Yes, sir; that is right.

The swimming pool is not in that request, and the other things mentioned just now by the chairman are not in that particular request. Those are to be built by the troops themselves, either deploying down there or who are down there now.

Senator STEVENS. I'll tell you, if they can build a facility down there for that price, I think you ought to send them around and let them do some other construction. It sounds to me like you have some self-help concepts built into those facilities, have you?

General GALVIN. I do, and they are engineers.

We have deployed a series of small engineer units down for training. Those engineers have trained, for example, by upgrading the electrical capabilities, building a perimeter road for safety, putting up some fencing, building towers, guard towers, and a deployment like that is going to work on some of the recreational facilities, too.

There is absolutely nothing there now. You cannot even play softball.

Senator STEVENS. Well, I intend to go down again this spring, during one of these exercises, and I would be pleased to look at some of these facilities, General. But from my point of view, the decision ought to be made on the basis of are the exercises going to take place? If they are, the people associated with those exercises ought to be treated the same as they would be treated if they went to Arkansas, or Tennessee, or to Alaska. If they are people who are going to be there on a semipermanent basis, as far as the exercise is concerned, if they are going to be there for two or three waves of those who are going through the exercises, they ought to be treated to normal facilities for their lifestyle.

I do not think we are asking for special money for gold-lined foxholes. These are, as I understand it, semi-temporary facilities for the people who are located there for 6 months or so, or 1 year, is that right? I am talking about the houses.

General GALVIN. That's right. They are relocatable housing. We don't have the funding, so we don't have the contract. But there are all kinds of these, as you know—modular, relocatable things. If we need to pick them up and take them someplace else, we will still have them and we can do that.

Senator STEVENS. I think, again, my friend, the chairman, does not understand that. We pick up housing all over Alaska and take it around, and, as I have said, I have seen a lot of that.

CAT HUTS

Senator SASSER. If the Senator would yield, I understand this all right. We were talking earlier about these tropical so-called cat houses down there, in which the troops——

Mr. ARMITAGE. Excuse me, but it's cat huts, which I am sure, what the chairman meant to say.

Senator SASSER. Excuse me, cat huts. [Laughter.]

But now we are moving in the direction of modular units that are permanent in nature. That was my point, Senator Stevens.

Senator STEVENS. Well, modular units are what a lot of people call trailer homes, in effect. They easily fold up and go in a C–130 and can be moved anywhere.

I hope you do get guarantees on them. I do hope they have a life-span that goes beyond their use in Honduras, and, God willing, those people down there may understand one of these days that they are not going to be allowed to export revolution and we will be able to stand down some of this activity.

Those homes ought to be able to be used somewhere else.

I think that is good old yankee common sense, not to keep building temporary things, but to build them so they can move somewhere else.

We will have other problems elsewhere, General. I just want you to know that there is a difference of opinion here as to the housing and the facilities. A request for $4,150,000 to support an activity that is going to train that many people in one of the most realistic settings I have seen, as far as training for that part of the world, I think, is a modest request and I intend to support it.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Stevens.

FIVE-YEAR CONSTRUCTION PLAN

When the Department of Defense presented the first 5-year construction plan for the Caribbean Basin in 1984, a total of $70 million in construction in the region was projected.

In the 5-year plan that you are presenting today, $300 million is projected for the period 1988 through 1992.

Now, leaving Honduras out of it, can you summarize that plan for us this morning?

General GALVIN. Yes; I have it here, Senator. Let me check.

I assume you meant, and I assume you know, that this does not include just Honduras. There are a lot of other places in the region.

Senator SASSER. Yes; I know. I said leaving Honduras out of it.

General GALVIN. Leaving Honduras out, the engineering activities that I mentioned, the construction in Panama, but other than that, in the Caribbean Basin, the rest of it is out in the Caribbean. It is in Antigua, Cuba, and Puerto Rico—within that plan.

So there is no construction, for example, for Costa Rica. There is none for Guatemala. There is none for El Salvador.

There is construction for Honduras and Panama, within my region.

FUNDING FOR COSTA RICAN AIRFIELD

Senator SASSER. Has the Department of Defense funded the construction or improvement of any airfield in Costa Rica? Do you have any plans to do so in the future, if you have not?

Mr. ARMITAGE. We have not funded construction or improvements of Costa Rican airfields and have no plans to do so, Mr. Chairman.

Senator SASSER. Well, 3 years ago, I was told of a proposal to build two airfields in Costa Rica. But the Costa Rican Government, I am

told, would not approve the construction. Was that correct, that the Costa Ricans refused?

Mr. ARMITAGE. I will have to research that. I am unaware that we ever approached the Costa Ricans. But I will be glad to supply it.

[The information follows:]

AIRFIELDS IN COSTA RICA

Headquarters United States Southern Command has not built nor does it have plans to build or upgrade airfields in Costs Rica. In early 1984 planning was approved at Costa Rican request for a National Guard road building project in northern Costa Rica. During planning for this project consideration was given to use of an existing airfield for C-130 support to the exercise. When the Costa Rican Government declined the road project, it was moved to Panama as minuteman I or blazing trails 85. In place of the road project Costa Rica did participate in two highly successful bridge building training exercises in 1986 and 1987.

QUALITY OF COSTA RICAN AIRFIELDS

Senator SASSER. In any case, there is no proposal to build an airfield in Costa Rica?

Mr. ARMITAGE. Absolutely none.

Senator SASSER. Why would we not be concerned about building airfields in Costa Rica, which is on the southern border of Nicaragua, when we are so concerned about building airfields in Honduras, which is on the northern border?

General GALVIN. There are two major airfields in Costa Rica now, one at Limon and one at San Jose. But also at Liberia, which is up on the western coast, the Pacific Coast, close to Nicaragua, there is another major airfield that would have to be somewhat upgraded. But that means there are three airfields. So you have a good combination of airfields, large airfields, in Costa Rica.

You also have an excellent combination of small airfields there.

Also, I personally believe, as a strategist, if Costa Rica were threatened, because it has no army and because we have had such a strong relationship with Costa Rica, there would be no question about whether or not the United States would come very rapidly to the aid of Costa Rica. In my opinion, with the airfields that are in there, if you are talking about an air move, you are in very good shape on the south side of Nicaragua if some contingency came up.

SANDINISTA TROOP STRENGTHS

Senator SASSER. There are no Sandinista troop formations in the southern part of Nicaragua, as we find in the northern part of Nicaragua, are there?

General GALVIN. That was so up until about 1 month ago. Now, there are 12 major irregular war-fighting battalions. About one-half of them are out in the east and one-half of those, or three, are in the southern area. I am talking about south of the Port of Rama, into the area called Nueva Guinea, also in central Zelaya. So there are forces, more forces than there were before, in the southeast portions of Nicaragua, Sandinista forces.

Senator SASSER. How do they compare with the Sandinista forces in the northern part of Nicaragua?

General GALVIN. These are the mobile battalions that have been moved.

There is a brigade headquarters, a Sandinista brigade headquarters, at Nueva Guinea, which is the southernmost city on the eastern side. That brigade has static forces that are in there. Some of them are militia, and there are some other forces.

This brigade is normally reinforced if any activity is going on by these mobile battalions.

About three of those mobile battalions are down there now, reinforcing that brigade.

ALTERNATIVES TO PANAMA

Senator SASSER. When the Deputy Secretary of Defense, Mr. Taft, presented the first 5-year plan in 1984, he stated, and I quote: "As we approach the termination of the Panama Canal Treaty at the end of 1999, we will have to consider alternatives for keeping United States forces in the area."

Are we presently looking for alternatives to Panama, or do we plan on negotiating base access in Panama after 1999?

Mr. ARMITAGE. We have no ongoing discussions with the Panamanians. Our intention right now is at noon, on December 31, 1999, to eliminate all of our presence from Panama.

However, the Neutrality Treaty then comes into effect and we, along with the Panamanian Defense Force, will have responsibility for the joint defense of the canal.

We are not involved in any negotiations. We have not started any negotiations for some alternative troop presence, Mr. Chairman.

Senator SASSER. Are we looking at Honduras, Mr. Secretary, as a possible alternative for the basing of United States forces to Panama?

Mr. ARMITAGE. No, sir; we are not.

CONSTRUCTION COSTS IN PANAMA

Senator SASSER. Under the treaty, the U.S. military presence ends, as we have said, in 1999. Senator Stevens pointed out, a moment ago, that we are contemplating building additional facilities in Panama. We are programming $150 million in construction in Panama over the next 5 years.

I would be interested in hearing more about this. It appears not to be the wisest of expenditures to be putting $150 million in Panama for new facilities that we will only have access to for a few years, particularly in view of the fact that the Secretary is telling us that we don't have any negotiations contemplated at the present time with the Government of Panama to extend our stay there beyond 1999.

General GALVIN. Mr. Chairman, we have a plan for continued construction and improvement in Panama. We also have a rough plan which I have submitted to the Chairman of the Joint Chiefs and to the Secretary of Defense for the drawdown of forces in Panama.

I don't know precisely how that plan will be approved. And, in fact, it is not just a matter of the Defense Department. It is going to be a governmental matter, an interagency matter, and, obviously, a congressional matter.

So, I have located wedges in the budget which will allow me to keep the kind of forces that I, as the commander down there, feel necessary throughout the period.

Obviously this has to be a ramp-down and it has to be a logical withdrawal that ends with zero forces there by December 31, 1999. I do not know precisely how those forces will be drawn out because it is not my decision to make.

If the forces are drawn down in such a way that the construction—and we are talking, again, about family housing units, we are talking about barracks modernization in some areas, we are talking about continuing to support the naval special warfare unit, we are talking about communications upgrades—if the drawdown is such that those things are not needed, then they will come out of those wedges and they will not be there.

I don't know how it is going to go. This is a very complex thing.

Let me just cite one example.

We have eight major installations there. You cannot go up to an installation, close it, lock the door, and then go on to the next one and close that and lock the door.

What happens is you have to take certain people out of one installation and move them to another, and you have to take facilities from an installation and move them to another in order that you can maintain some operational capability as you close down.

You see, those eight installations were built starting in 1914. They were not built for an orderly closedown in which installation No. 1 would go first, and so forth.

This is just to illustrate that I have a lot of problems in figuring out how to do this. And, of course, it is going to be dependent upon the guidance that I get from the Defense Department.

But if it turns out that those things are not needed because we close out the soldiers that would need those barracks or the communicators that would need the radios, then they will come out of the budget request.

HOUSING CONSTRUCTION IN PANAMA

Senator SASSER. We are programming over $50 million for the construction of 1,000 family housing units in Panama. We are going to leave Panama in the next decade and are not presently contemplating—other administrations will follow this one, of course—but at least we don't have any plans at the present time for negotiating an extended presence there beyond 1999.

It appears to me, General, that we would be better off to start reducing the accompanied tours there—that is, families going with our service personnel to Panama—rather than spending large sums of money

there for family housing that we may be forced to vacate within 5 or 6 years after the completion of that housing.

General GALVIN. Well, that is going to be up to you and to the Congress, Mr. Chairman. The question is do you provide housing for families and thus allow the soldiers to take their families, or do you tell the soldiers to leave their families home?

This is a question of quality of life. The soldiers are accustomed to having their families. More soldiers are married than before. Soldiers who are not allowed to take their families, many of them will drift out of the service, including the best ones. Other soldiers will get into trouble because they do not have their families around.

So, it will be a bigger problem for the services to do it in that manner.

As we get down to closing out—as we get to the final years, I would be a lot more amenable to saying well, we only have 2 or 3 years to go, the soldiers will understand that you cannot keep families right down to the very last minute. But when we are 10 years away and when the tradition has always been that the soldier is allowed to move his family, it is difficult to explain to him that because we are going to close the base 10 years from now we do not want his family down there now.

What we are really saying is that we don't want his family down there now because his family requires quarters and we would have to pay for the quarters.

This is a difficult question. It is one that I do not get to decide, and the Congress does. But I would plead for family housing for soldiers in Panama, right up until the last minute or as close as we can get to it.

I understand, when we get down to the end, that we have to make some adjustments.

Senator SASSER. All right, General, let me ask you this.

GUANTANAMO BASE ACTIVITIES

What is being proposed for our base at Guantanamo, Cuba?

General GALVIN. Sir, that is not in my area. I will turn that back over to Secretary Armitage.

Mr. ARMITAGE. I have that here, Mr. Chairman. Let me look it up.

[Pause.]

Mr. ARMITAGE. In the 1988 budget, we have $917,000 for energy improvement and a $1.7 million quality of life and hospital modernization upgrade.

Senator SASSER. All right, sir.

When does our lease run out in Guantanamo?

Mr. ARMITAGE. It does not run out, Mr. Chairman.

Our rights there derive from an agreement of 1903, which was reaffirmed in 1934. When Castro came to power in 1959, he announced that Cuba would honor all international agreements. This one is being honored, and it cannot be abrogated except by the agreement of both sides. And we have no plans to abrogate our side of it. Hence, it will continue in perpetuity.

Senator SASSER. So we are planning on spending $60 million at Guantanamo over the next 5 years?

Mr. ARMITAGE. That is correct, Mr. Chairman.

Senator SASSER. Mr. Secretary, you have responsibilities that are broad, and you have responsibilities other than Central America. For instance, during a hearing last week with the Air Force, I learned of plans to use operation and maintenance funds to refurbish an airport in the African country of Zaire.

I expressed concern that we might be witnessing the same phenomenon in Zaire that we had previously seen in Honduras, and that is O&M funds being used to carry out what are essentially military construction projects.

ZAIRE AIR BASES

What are our plans for Zaire and air bases there, and refurbishing them?

Mr. ARMITAGE. The air base that I think you are referring to, Mr. Chairman, is Kamina Air Base. This was an air base that came to our attention most graphically a little over 20 years ago, in the Katanga secessionist problem, and again was utilized during the SHABA I and II massacres and the problems associated therein.

We have long been desirous of finding another route to the central command's AOR. Right now, as you know, we go through the Mediterranean. If we had the ability to use Kamina Air Base, this would aid us in large measure.

We also note that Kamina is quite isolated. It allows pilots basically supersonic airspace for 200 miles around, where they can exercise in an uninhibited fashion and without causing any controversy to any neighbors.

Additionally, there are air-to-ground open spaces that could be used for all kinds of air-to-ground maneuvers and bombing ranges, et cetera.

We are planning to run an exercise in April, this month, in Zaire, and we would be desirous of using some O&M funds to make what is already a capable airfield, capable of taking C–141's on a continuous basis, that is, on a long-term basis.

We had had discussions with the State Department about the desirability or the necessity of having an agreement with the Government of Zaire if we were to expend a significant amount of O&M funds, and we decided, I believe, Senator—and I will check for the record—that if we were to pour in, so to speak, $2 million or so, we would need an access agreement.

I would submit that we are certainly not seeing anything that begins to approach Honduras. I know of only one other air base in Zaire that holds the most remote possibility for us, and that is Kitona Air Base.

I could argue that there are tremendous pros for the Department of Defense if we had the ability to use that base if it were improved. But we are not planning to submit any Milcon requests. We are not planning to make it our base, at any rate. It would remain a Zairean base.

We have no desire for any permanent presence, or even a temporary presence. We only wanted to use it for exercises.

PHILIPPINE COMMUNIST INSURGENCY

Senator SASSER. Let me ask you about the Philippines.

The communist insurgency there appears to be growing, and published reports indicate that the NPA there is now beginning to target Americans.

If this is the case, is the Department of Defense giving any consideration to ceasing accompanied tours to the Philippines? If not, why not?

Mr. ARMITAGE. You are correct, Mr. Chairman. The New People's Army insurgency, the communist insurgency, in the Philippines is increasing. They are growing at the rate of 9 percent a year by our calculations. This is in dramatic contrast, however, to their previous growth rate of about 20 percent per year during the Marcos era.

I have seen the same reports to which you refer about the possibility of the New People's Army targeting Americans. Thus far, we have seen that they have hesitated to do so, as a conscious policy choice. I trust that they will continue to follow that policy choice.

However, we have not taken them at their word or relied on their own policy choices to determine the safety of Americans.

Over the past couple of years in our Milcon request you will note that we have had security upgrades, which are, by and large, complete now. We have the responsibility for the patrolling—that is, we, the United States have the responsibility for patrolling the perimeters of our facilities which are located on Philippine bases. The responsibility for the larger base is in Filipino hands, aided and abetted by ourselves, as it were.

We have no intention right now to move to unaccompanied tours at all, and we feel that our bases are basically self-contained and not given to too many acts of violence.

However, should the NPA change its policy and directly target Americans, we would have to take tremendously stringent security precautions, and, who knows, it may eventually end up, as you suggest, in curtailment of accompanied tours.

However, I must state that the armed forces of the Philippines themselves are now in somewhat better shape to fight the insurgency. Mrs. Aquino has a legitimate government with tremendous popular support, and the political liberalization has gone a long way to dampen the sources of this insurgency.

I would note that the economy has bottomed out, and all figures point to at least a break even if not a cautious upgrade in the Philippine economy. This will dampen the insurgency. Our own security assistance to the Philippines has begun to take effect. There was 64 million dollars' worth of equipment last year. If the Congress is willing this year, it will be another $150 million, which, in large measure, will give the armed forces of the Philippines the ability to prosecute this insurgency.

Senator SASSER. Mr. Secretary, let me shift the focus back to Central America for just a moment.

At this point in the record, I would like to insert a number of information papers which provide additional details on much of the construction which has been carried out during the exercises in Central America. These fact sheets, which have been prepared by Southcom, include most, but not all, of the exercise construction activities.

They do, however, I think clarify the record.

[The information follows:]

SCRN
7 February 1987

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Ahuna Tara 87 (Jan - Apr 87)

2. Location: Palmerola, San Lorenzo, Punta Raton, and Jamastran, HO

3. Unit: 20 Engr Bde, 27 Engr Bn, 548 Engr Bn

4. Mission:

a. Construct a 400 man temporary base camp at Palmerola, a 250 man base camp at Jamastran, a 400 man base camp at San Lorenzo and a 200 man base camp at Punta Raton.

b. Construct a soil stabilized MOG 12 C130 parking apron at Palmerola.

c. Construct a 87,000 sy gravel cargo staging area and 2 km of access roads at Palmerola.

d. Upgrade an existing OY-1 parking apron at Palmerola.

e. Upgrade and soil stabilize an existing 4,200 foot dirt FLS at San Lorenzo.

f. Construct a 53,000 sy soil stabilized parking apron at San Lorenzo.

g. construct a 22,000 sy soil stabilized cargo staging area at San Lorenzo.

h. Upgrade an existingsingle lane road at Punta Raton to include 1.25 miles of two lane military standard road, two 750 foot turnouts, and a gravel wearing surface.

i. Soil stabilize an existing 4,600 foot dirt forward landing strip at Jamastran.

j. Upgrade and soil stabilize an existing parking apron to MOG 5 at Jamastran.

k. Construct a one km two lane military standard access road at Jamastran.

5. Total Troops: 1,275

LTC J.E. Brink/1211

SCEN
SUBJECT: Exercise Construction

EXERCISE	LOCATION	PROJECT	COST (BST)
AT 87	Palmerola	Parking Apron	355.7/405.0
AT 87	Palmerola	Staging Area (A&B) and Road Network	513.2/610.0
AT 87	Palmerola	Apron Repair MOG 15	14.9/27.0
AT 87	San Lorenzo	FLS Upgrade	162.0/135.0
AT 87	San Lorenzo	Apron Upgrade MOG 5/12	194.0/270.0
AT 87	San Lorenzo	Staging Area/Road	77.1/135.0
AT 87	Punta Raton	Causeway	884.3/907.0
AT 87	Jamastran	FLS Upgrade	159.3/360.0
AT 87	Jamastran	Apron Upgrade/Road	110.3/540.0
		TOTAL:	$2,612.1K/$3,389.0K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Blazing Trails 87 (Jan - Jun 87)

2. Location: LaJoya to Puente Grande, Ho

3. Unit: 364 Engr Gp

4. Mission:

   a. Upgrade a 650 man temporary base camp.

   b. Construct 5.5 km of two lane military standard road.

   c. Maintain 13 km of two lane military standard road from Puente Cita to LaJoya.

5. Total Troops: 5,550

6. Cost (Funded/Unfunded) of facility:

a. Road construction	250.0	3,375.0
b. Road maintenance		8.6
	$250.0	$3,383.6

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Blazing Trails 86 (Jan - Jun 86)

2. Location: Puentecita to La Joya, HO

3. Unit: 135 Engr Gp (HOARNG)

4. Mission:

a. Construct a 650 man temporary base camp

b. Construct 10 km of two lane military standard road with a 6" surface course and drainage structures (12 culverts).

5. Total troops: 4,620

6. Cost (Funded/Unfunded) of facility:

Road Construction	$115K	$3,375.0K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: CABANAS 86 (Mar - Apr 86)

2. Location: Mocoron, HO

3. Unit: 27 Engr Bn

4. Mission:

a. Construct a 250 man temporary base camp.

b. Construct a 4,200 foot dirt forward landing strip with a MOG 3 parking apron.

c. Construct a Low Altitude Parachute Extraction System zone.

d. Maintain dirt FLS at Puerto Lempira.

e. Maintain dirt road between Puerto Lempira and Mocoron.

5. Total Troops: 1,220

6. Cost (Funded/Unfunded) of temporary facilities:

a. Mocoron FLS	170.0	252.0
b. Maintain Puerto Lempira FLS	20.0	12.0
c. Maintain road	25.0	15.0
	$215.0K	$279.0K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Cabanas 85 (Jul - Sep 85)

2. Location: San Lorenzo Abajo to Jocon, HO

3. Unit: 36 Engr Gp and 43 Engr Bn

4. Mission:

   a. Construct one 750 man temporary base camp.

   b. Construct 27 km of single lane military standard road.

   c. Maintain 36km of road between Olanchito and San Lorenzo Abajo.

5. Total Troops: 750

6. Cost (Funded/Unfunded) of temporary facilities:

a. Road construction	197.2	382.7
b. Road Maintenance	55.8	87.2
	$253.0K	$469.9K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Ahuas Tara III (Feb-Mar 85)

2. Location: Cucuyagua, HO

3. Unit: 618 Engr Co

4. Mission:

   a. Construct a 200 man temporary base camp.

   b. Repair a 4,650 foot dirt forward landing strip to include drainage and runway repair, taxiway repair and the construction of a MOG 4 parking apron.

5. Total Troops: 160

6. Cost (Funded/Unfunded) of temporary facilities:

FLS repair	$55.0K	$115.2K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Ahuas Tara III (Feb-Mar 85)

2. Location: San Lorenzo, HO

3. Unit: 20 Engr Bn and 865 Engr Det (Well Drilling)

4. Mission:

a. Construct a 300 man temporary base camp.

b. Repair a 4,200 foot dirt forward landing strip to include drainage and runway repair, soil cement stabilization along touchdown area (approx 1,500 feet) and construction of a MOG-3 parking apron.

c. Drill wells.

d. Construct defensive positions (tank ditches and battle positions) vicinity Choluteca.

5. Total Troops: 260

6. Cost (Funded/Unfunded) of temporary facilities:

a. FLS repair	43.0	217.8
b. Wells	37.3	57.5
c. Defensive positions	11.2	120.8
	$91.5K	$396.1K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Granadero I (Mar-May 84)

2. Location: Cucuyagua and Jamastran, HO

3. Unit: 864 Engr Bn

4. Mission:

a. Construct two 250 man temporary base camps.

b. Construct a 4,600 foot dirt forward landing strip and MOG 3 parking apron at Jamastran.

c. Construct a 4,650 foot dirt forward landing strip and MOG 3 parking apron at Cucuyagua.

5. Total Troops: 720

6. Cost (Funded/Unfunded) of temporary facilities:

a. Jamastran FLS	184.9	110.4
b. Cucuyagua FLS	190.9	96.9
	$375.8K	$207.3K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Ahuas Tara II (Aug - Dec 83)

2. Location: San Lorenzo and Aguacate, HO

3. Unit: 46 Engr Bn

4. Mission:

a. Construct a 750 man temporary base camp and a 200 man temporary base camp.

b. Construct a 4,200 foot dirt forward landing strip at San Lorenzo.

c. Construct a 3.3 foot extension to the dirt forward landing strip at Aguacate.

d. Construct defensive positions vicinity Choluteca.

5. Total Troops: 750

6. Cost (Funded/Unfunded) of temporary facilities:

a. San Lorenzo FLS	135.0	80.8
b. Aguacate FLS	184.0	169.1
c. Choluteca defensive positions FLS	23.0	14.8
	$342.0K	$264.7K

INFORMATION PAPER

SUBJECT: Exercise Construction

1. Exercise: Ahuas Tara II (Aug - Dec 83)

2. Location: Trujillo and Puerto Lempira, HO

3. Unit: Naval Military Construction Battalion (NMCB) One.

4. Mission:

a. Construct a 400 man temporary base camp and a 100 man temporary base camp.

b. Repair dirt forward landing strip at Puerto Lempira.

b. Construct a 600 foot extension to the landing strip at Trujillo.

5. Total Troops: 350

6. Cost (Funded/Unfunded) of temporary facilities:

a. Puerto Lempira FLS	60.0	37.8
b. Trujillo airfield extension	188.0	180.0
	$248.0K	$217.8K

BASE ACCESS AGREEMENT WITH HONDURAS

Senator SASSER. At the present time, the United States has a base access agreement with the country of Honduras. But, over the last 5 years, our military presence there has, I think, clearly exceeded the original intent of this base access agreement. And if we are moving from a temporary to an indefinite presence in Honduras, it would appear that we are probably going to have to negotiate a more appropriate bilateral relationship with the country of Honduras relative to the bases there and relative to our continued access to them.

Are we presently seeking a new bilateral agreement with Honduras, or relative to bases that we have constructed there?

Mr. ARMITAGE. We have a number of bilateral agreements, Mr. Chairman, to include our exercising with the Hondurans and things of that nature and the status of our people who are present in Honduras on temporary duty. We are not in the process of negotiating any kind of base access agreement to my knowledge. We have had discussions, continuing discussions, about the status of our troops who are stationed temporarily in Honduras.

But I know of no more formal access agreement.

As I indicated in one of my comments or responses to a question of yours earlier, should we ever move to a permanent presence, other agreements would have to be negotiated, but we have no plans for that at present.

PREPOSITIONING OF MUNITIONS

Senator SASSER. Two years ago, the Department of Defense proposed military construction projects, the construction of facilities for prepositioning munitions to be used by the Army. I think these were at San Lorenzo, if memory serves me correctly, and it was artillery ammunition, mortar ammunition, and for Air Force munitions to be used at Palmerola, principally rockets, aerial bombs, and armed bombs, as I recall.

The Congress rejected those proposals 2 years ago.

Do you still wish to preposition munitions for United States forces in Honduras, General Galvin?

General GALVIN. No; I have not requested those. I have not continued that request because I do not think it is necessary.

I also am trying to keep down the number of United States forces in Honduras, and we would have to guard those sites.

By the way, the part in San Lorenzo was mostly barrier material because, as we were talking earlier, that is the Choluteca Gap area. That is tank country down there. There was a plan to preposition material to make barriers.

I do not want to continue that, because I want to keep the number down, the number of people down.

Senator SASSER. Do we presently have munitions stored in Honduras that could be used by our military there, various and sundry ordnance, artillery shells, mortar shells, et cetera?

General GALVIN. No, Mr. Chairman; we do not.

Well, we have the exercise ammunition there, but that is a small amount of ammunition.

Senator SASSER. But no ammunition that would sustain us logistically at a division strength level for a period of 2, 3, or 4 days?

General GALVIN. No, Mr. Chairman. No prepositioned ammunition. No sustaining ammunition.

Senator SASSER. And we have no plans at the present time to construct such facilities, to your knowledge?

General GALVIN. No; we do not.

Senator SASSER. And you are no longer requesting that?

General GALVIN. That is correct, sir.

CONCLUDING REMARKS

Senator SASSER. Well, gentlemen, the hour is late. We have been here now for over 2 hours, and I belive we have had a productive exchange of views here.

Some members of the committee undoubtedly will have additional questions, which they will wish to submit in writing for the record, and I would ask for an expeditious response.

I want to thank the witnesses this morning for their testimony and for their responses to our questions.

I think this hearing continues to indicate that there are deep divisions in the Congress—there are deep divisions in our country, really, with regard to what our current policy should be in Central America.

I think that all Members of this Congress recognize the Sandinista government for what it is. It is not a government that is friendly to the United States. It is not a government that is friendly to the ideals for which our country stands. It is a Marxist-Leninist government which, in the view of this Senator, has betrayed the ideals of the revolution which brought it to power. The ideals of that revolution were freedom for the people of Nicaragua to conduct their own affairs, and to move in the direction of a government which valued and fostered the civil rights and human rights of its own citizens.

The Sandinista government, in recent years, has been taking a contrary approach.

But, having said this, there is great apprehension in the Congress, shared to some extent by me, that our policy, in trying to deal with that government in Nicaragua, is counterproductive; that, in the long run, we may be unwittingly and unintentionally contributing to the militarization of that whole, troubled, depressed Central American region; and perhaps we ought to be devoting more of our efforts to a political solution in that region and more of our resources to an uplifting of the economic circumstances under which the people of that region live.

I noted last evening, in reading Secretary Armitage's opening statement, he indicated that the Soviet Government and Cuba are presently educating 20,000 young people a year, who are taken from Central America and South America to Cuba, back to Eastern Europe, or to the

Soviet Union for educational purposes. They return, many of them, to their region as dedicated apostles of Marxism-Leninism.

When you see the very deprived economic conditions under which many of their people live, it is not unrealistic for them to grasp the philosophy which will, they think, uplift the quality of life of their people.

In reading that, I was struck that perhaps our resources might be better spent in building fewer airfields, fewer military facilities in that region of the world, and allocating more of our resources to the ongoing battle for the hearts and minds of those young people, who are going to be the ruling generation of the coming decades.

So our disagreements here are not disagreements about the Sandinista government, and they are not disagreements about what its ultimate goals are. Our disagreements, really, are over how to deal with them.

I expect that this is a debate that will continue in the Congress and in the country for a number of years.

SUBMITTED QUESTIONS

The committee has additional questions for the record. They wil be inserted at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Sasser

Contracts

Question: Provide for the record a list of each DOD contract which has supported U.S. military activities in Honduras for the last three years. Include the contract number, the date awarded, a description, the duration, the amount, the company, the number of personnel associated with each contract, the funding source, etc.

Answer: Information on USSOUTHCOM contracts over $25,000 is provided for FY's 85, 86, and 87 on the attached table.

Question: How many U.S. government contract negotiators are now in Honduras?

Answer: Three.

Question: How many are planned for the end of fiscal year 1987?

Answer: Four.

CONTRACTS SUPPORTING U. S. MILITARY ACTIVITIES IN HONDURAS (ARMY)

DIRECTORATE OF CONTRACTING - U. S. ARMY GARRISON, PANAMA

CONTRACT NUMBER	AWARD DATE	DESCRIPTION	DURATION	AMOUNT	COMPANY	ESTIMATED NO. OF PERSONNEL	FUNDING SOURCE
FY85							
DAKF71-85-C-0037	12 Sep 85	Telephone Support Service	1 Oct 85-30 Sep 86	$509,013.	HONDUTEL	4	OMA
DAKF71-85-C-0127	31 May 85	Lease/Maint. Vehicles	1 Jul 85-30 Jun 86	$923,990.	Corporacion de Caribenas	6	OMA
DAKF71-85-C-0135	15 Jun 85	Construction Materials	16 Jun 85-30 Jun 85	$105,000.	Aserradero Sansone	3	OMA
DAKF71-85-C-0144	3 Jul 85	Construction Materials	3-5 Jul 85	$112,765.	Concretos de Honduras	3	OMA
FY86							
DAKF71-86-C-0001	30 Sep 85	Base Support-Palmerola AB	1 Oct 85-30Sep 86	$4,171,000.	Harbert Intl.	115	OMA
DAKF71-86-C-0049	2 Jan 86	Lumber	5 Jan 86	$38,247.	Induseria Madero	3	OMA
DAKF71-86-C-0124	6 Aug 86	Construction CAT-Huts	16 Aug - 30 Sep 86	$196,000.	Harbert Intl.	15	OMA
DAKF71-86-C-0127	19 Sep 86	Base Support-Palmerola AB	1 Aug - 30 Sep 86	$2,288,000.	Global Assoc-CIC (JV)	15	OMA
DAKF71-86-C-0130	6 Jun 86	Gravel	21 Jun 86	$55,237.	Robert Scherloh	3	OMA
DAKF71-86-C-0164	10 Jun 86	Construction CAT Huts	20 Jun-20 Jul 86	$146,000.	National de Ingenerios	4	OMA
DAKF71-86-C-0209	16 Sep 86	Telephone Support Service	Jan 83 - Sep 35	$199,000.	HONDUTEL	4	OMA
FY87							
DAKF71-87-C-0001	1 Oct 86	Telephone Support Services	1 Oct 86-30 Sep 87	$209,760.	HONDUTEL	4	OMA
DAKF71-87-C-0042	3 Jan 87	Lumber	9 - 12 Jan 87	$ 47,720.	Exportadora Manderena	3	OMA
DAKF71-87-C-0043	3 Jan 87	Lumber	9 - 12 Jan 87	$ 37,464.	Nacionales de Ingenerios	4	OMA
DAKF71-87-C-0044	3 Jan 87	Construction, Latrines	9 - 30 Jan 87	$ 68,000.	Nacionales de Ingenerios	10	OMA
DAKF71-87-C-0045	15 Dec 86	Gravel	5 Jan 87	$197,000.	Nacionales de Ingenerios	3	OMA
DAKF71-87-C-0046	4 Jan 87	Gravel	12 Jan - 15 Apr 87	$192,142.	Robert Scherloh	3	OMA
DAKF71-87-C-0047	4 Jan 87	Cement	5 Jan - 19 May 87	$467,000.	Industria Cementera	4	OMA
DAKF71-87-C-0069	25 Feb 87	Lease Vehicles	25 Feb 87-24 Feb 88	$ 16,660.	Corporacion de Caribenas	2	OMA
DAKF71-87-C-0070	25 Feb 87	Lease Vehicles	16 Apr 87 -15 Apr 88	$42,000.	Toyota Rent a Car-Panama	1	OMA
DAKF71-86-C-0127	19 Sep 86	Base Support-Palmerola AB	1 Oct 86-30 Sep 87	$2,087,026.	Global Assoc-CIC (JV)	200	OMA

OMA = Operational and Maintenance Army

PALMEROLA ENHANCEMENT

Question: Provide for the record a list of each improvement made to the Palmerola Base Camp since the end of Big Pine II. Include a listing of each facility enhancement or upgrade to the CAT Huts, as well as all quality-of-life enhancements, including recreation facilities. Provide separate, chronological listings, for CAT Hut-associated construction and recreation-related construction. Provide the date the enhancement, modernization or repair was accomplished. Also provide a description of the work; the name of the contractor or the military unit performing the work; the number of personnel associated with the work; the total funded and unfunded costs; the funding source, etc.

Answer: Requested data is provided on the attached tables. Contractor data is provided with the question entitled "contracts".

Question: Provide the same information requested above for any such enhancements planned for FY 87 or FY 88 using O&M funds or exercise minor construction funds.

Answer: Requested data is provided on the attached tables.

FY 84

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
1 CHut (weather station)	Mar-Apr 84	864 En Bn	200	4.2	7.5	O&M	Granadero I
Upgrade CHut (Post Office)	Mar-Apr 84	864 En Bn	200	1.0	2.0	O&M	Granadero I
Anti-vehicular ditch	Mar-Apr 84	864 En Bn	200	.2	1.2	O&M	Granadero I
Upgrade CHut (J-1 Bldg)	Mar-Apr 84	864 En Bn	200	1.2	.8	O&M	Granadero I
Upgrade wiring in CHut (Messhall)	Mar-Apr 84	864 En Bn	200	.9	1.6	O&M	Granadero I
1 CHut (operating room at hospital)	Mar-Apr 84	864 En Bn	200	3.1	4.1	O&M	Granadero I
1 CHut (Barber Shop/Bx	Mar-Apr 84	864 En Bn	200	3.7	8.9	O&M	Granadero I
2 Pole Sheds (supply yard)	Mar-Apr 84	864 En Bn	200	2.2	6.7	O&M	Granadero I
Repair JTF-B shower	Mar-Apr 84	864 En Bn	200	1.6	2.3	O&M	Granadero I
Repair CHut (Messhall)	Mar-Apr 84	864 En Bn	200	.1	.4	O&M	Granadero I
1 Pole Shed (laundry)	Mar-Apr 84	864 En Bn	200	1.3	6.9	O&M	Granadero I
Repair waterlines	Mar-Apr 84	864 En Bn	200	.1	.6	O&M	Granadero I
Replace well pump	Apr-Sep 84	Contractor		3.0	___	O&M	
Expedient washrack	Apr-Sep 84	Contractor		.7	___	O&M	
Upgrade helipad (hospital)	Apr-Sep 84	Contractor		.3	___	O&M	
Upgrade Sanitary landfill	Apr-Sep 84	Contractor		7.5	___	O&M	
Upgrade sumps	Apr-Sep 84	Contractor		.7	___	O&M	
Close old sanitary landfill	Apr-Sep 84	Contractor		1.0	___	O&M	
Repair ditches/drainage	Apr-Sep 84	Contractor		.5	___	O&M	

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Repair aircraft parking ramp with gravel	Apr-Sep 84	Contractor		2.0	___	O&M	
Maintain Sanitary Landfill	Apr-Sep 84	Contractor		1.0	___	O&M	
Relocate transformers	Apr-Sep 84	Contractor		4.0	___	O&M	
Level fuel berms	Apr-Sep 84	Contractor		.4	___	O&M	
Perimeter Bunkers	Jun-Sep 84	Unit unk	unk	11.0	13.8	O&M	
48 Indirect fire bunkers	Jun-Sep 84	Unit unk	unk	99.0	166.7	O&M	
Upgrade CHuts w/insect screen	Jun-Sep 84	Unit unk	unk	2.7	.2	O&M	
Gravel Sidewalks	Jun-Sep 84	Unit unk	unk	.2	.2	O&M	
Gravel for laundry point	Jun-Sep 84	Contractor		.9	___	O&M	
5 propblast walls	Jun-Sep 84	Unit unk	unk	4.6	1.9	O&M	
Upgrade CHut (post office)	Jun-Sep 84	Unit unk	unk	.4	.1	O&M	
Upgrade aircraft parking ramp	Jun-Sep 84	Unit unk	unk	2.4	.1	O&M	
Gravel roads	Jun-Sep 84	Unit unk	unk	2.2	.1	O&M	
Roof for 3 pole sheds (laundry and supply yard)	Jun-Sep 84	Unit unk	unk	.3	3.0	O&M	
CHut electrical repair	Jun-Sep 84	Unit unk	unk	4.9	2.3	O&M	
FY 85							
Compacted soil road	Oct 84	Contractor		20.0	___	O&M	
Grease pits	Dec 84	Contractor		4.0	___	O&M	
8 C Huts (Aviation billets at Blackjack)	Feb 85	Contractor		50.4	___	O&M	84-0030

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Heliport (16 helipads)	Feb 85	Contractor		115.2	___	O&M	84-0029
4 Fuel berms	Mar 85	Contractor		30.2	___	O&M	84-0001
Electrical upgrade (13 C Huts)	Mar 85	Contractor		42.5	___	O&M	
1 C Hut (Darkroom)	Mar 85	Contractor		9.4	___	O&M	84 0002
Dog kennels	Apr 85	Contractor		11.0	___	O&M	84-0016
8 C Huts (Community Center)	May 85	Contractor		40.0	___	O&M	84-0023
ALCE A/DAG improvement (communications)	May 85	Contractor		46.4	___	O&M	84-0026
Powerline relocation	May 85	Contractor		11.5	___	O&M	84-0022
2 C Huts (Px)	May 85	Unit unk	unk	28.7	25.2	O&M	84-0003
7 C Huts (Air Force area)	May 85	Unit unk	unk	19.9	17.6	O&M	84 0015
Aircraft tiedowns/grounding	Jun 85	Contractor		24.4	___	O&M	84-0020
Electrical upgrade (8 C Huts)	Oct 85	Contractor		20.6	___	O&M	84-0032
Remove/reconstruct guard towers	Oct 85	Contractor		13.6	___	O&M	84-0031
3 C Huts (JTF offices)	Oct 85	Contractor		18.0	___	O&M	84-0013
2 C Huts (Theatre/weight room)	Oct 85	Contractor		36.0	___	O&M	85-0066
1 C Hut (Communications facility)	Oct 85	Contractor		6.0	___	O&M	84-0017
2 C Huts (Transient billets)	Nov 85	Contractor		11.0	___	O&M	85-0024
FY 86							
Electrical upgrade (10 C Huts), Blackjack	Oct 85	39 En Bn	20	21.0	26.5	O&M	85-0070

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Observation Platforms	Nov 85	Contractor		25.0	___	O&M	86-0009
2 C Huts (AC-130's)	Feb 86	Contractor		8.9	___	O&M	85-0006
Gravel for vehicle washrack	Feb 86	Contractor		4.5	___	O&M	85-0010
Level pads for helicopter LZ	Feb 86	Contractor		.4	___	O&M	85-0012
Cyclone security fence (Px)	Feb 86	Contractor		10.0	___	O&M	85-0068
Recreation Shelter (JTF-B Hq)	Feb 86	Contractor		5.2	___	O&M	85-0085
1 C Hut (Communications Security)	Feb 86	Contractor		8.0	___	O&M	85-0095
Sanitary Landfill	Feb 86	Contractor		8.3	___	O&M	85-0101
1 C Hut (Repair B17)	Feb 86	Contractor		.8	___	O&M	86-0034
Transformers for UH-1 heliport	Feb 86	Contractor		1.2	___	O&M	86-0036
Culverts for MAC/ALCE area	Feb 86	Contractor		.5	___	O&M	86-0075
Military Police Gate Hosue	Feb 86	Contractor		1.2	___	O&M	86-0080
C Hut addition joining contracting and JAG	Feb 86	Contractor		4.5	___	O&M	86-0056
Stage for Morale Support Shows	Feb 86	Contractor		2.8	___	O&M	86-0082
Protective Berm	Mar 86	39 En Bn	8	6.6	2.9	O&M	84-0004
Fence (Supply yard)	Mar 86	Contractor		1.9	___	O&M	85-0008
Water Storage Tank (126 K gal)	Mar 86	39 En Bn	30	14.2	37.8	O&M	85-0031 B
Timber Trestle Bridge	Mar 86	39 En Bn	20	7.6	25.2	O&M	85-0033
Well Drilling (1 well)	Mar 86	Navy	14	1.4	8.8	O&M	86-0000
Electrical Upgrade (8 C Huts/ 224 MI Bn)	Mar 86	39 En Bn	20	14.4	15.1	O&M	86-0005

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
2 POL Berms	Mar 86	Contractor		15.0	___	O&M	86-0061
Loading Dock (Class I point)	Mar 86	Contractor		3.9	___	O&M	86-0081
C Hut Addition joining A17 and A18	Mar 86	Contractor		3.4	___	O&M	86-0097
1 C Hut (Radion Station)	Apr 86	Contractor		9.9	___	O&M	86-0006
Standby power (750 kw generators)	Apr 86	FESA	10	159.1	12.6	O&M	86-0116
Multipurpose Recreation Courts (Basketball/Tennis)	May 86	Contractor		14.0	___	O&M	85-0045
Upgrade JTF-B Hq Shower	May 86	39 En Bn	20	7.6	___	O&M	86-0191
Shower room expansion	May 86	3º En Bn	10	11.1	5.4	O&M	86-0051
C Hut Addition (JSF Hq)	May 86	39 En Bn	10	2.5	5.4	O&M	86-0018
C Hut Addition (Chapel)	May 86	3º En Bn	10	1.8	2.7	O&M	86-0156
Electrical Upgrade (hospital)	May 86	39 En Bn	20	32.5	29.2	O&M	86-0185
Improve drainage (fuel point)	Jun 86	Contractor		7.9	___	O&M	85-0011
Water Storage Tank (126K Gal) and distribution lines	Jun 86	39 En Bn	30	44.5	81.0	O&M	85-0031 A
Recreation shelter (Medical)	Jun 86	Contractor		6.0	___	O&M	86-0023
3 Recreation shelters (MP/224 MI Bn/Blackjack)	Jun 86	Contractor		8.1	___	O&M	86-0038
Generator sheds	Jun 86	Contractor		3.4	___	O&M	86-0042
7 C Huts (FESA and Joint Operations Center)	Jun 86	Contractor		23.5	___	O&M	86-0099
C Hut addition joining Finance and PAC	Jun 86	Contractor		4.2	___	O&M	86-0117

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
8 C Huts (MP Billets)	Jun 86	Contractor		53.2	___	O&M	86-0101
Sanitary Landfill Trench	Jun 86	Contractor		5.0	___	O&M	86-0216
Reefer platforms	Jun 86	Contractor		6.3	___	O&M	86-0167
Recreation shelter (11 Signal Bn)	Jun 86	Contractor		6.0	___	O&M	86-0173
Relocate CH-47 helipads	Jun 86	Contractor		2.9	___	O&M	86-0186
3 C Huts (UH-1 Maintenance Area)	Jun 86	Contractor		10.5	___	O&M	85-0002
8 C Huts (Aviation Billets)	Jul 86	Contractor		29.6	___	O&M	86-0104
9 C Huts (Intel Bn)	Jul 86	Contractor		37.9	___	O&M	86-0132
C Hut addition (J3)	Jul 86	Contractor		4.3	___	O&M	86-0155
18 C Huts (4402 Support Sqd billets)	Jul 86	Contractor		48.9	___	O&M	86-0107
CH-47 Maintenance Hangar	Aug 86	11 En Bn	80	69.1	75.9	O&M	85-0041 A
UH-1 Maintenance Hangar	Aug 86	11 En Bn	80	42.2	75.9	O&M	85-0041 B
Perimeter Fence	Aug 86	11 En Bn	80	139.7	216.0	O&M	85-0087
26 C Huts (Intel Bn billets)	Aug 86	Contractor		141.4	___	O&M	86-0107
Electrical power (UH-1 heliport)	Aug 86	Contractor		10.0	___	O&M	85-0072
Water Tank connection	Aug 86	Contractor		42.0	___	O&M	86-0135
Relocate 3 C Huts (Blackjack)	Sep 86	11 En Bn	10	.8	8.1	O&M	86-0194
Shower (Blackjack)	Oct 86	Contractor		23.1	___	O&M	86-0159
PX Annex	Oct 86	Contractor		6.0	___	O&M	86-0160
Tactical SATCOM structure	Oct 86	Contractor		9.0	___	O&M	86-0222

FY 87

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
8 C Huts (Joint Security Force)	Nov 86	Contractor		35.0	___	O&M	86-0224
Aircraft tiedowns/grounding	Nov 86	Contractor		2.4	___	O&M	86-0141
6 C Huts (2 CISG)	Nov 86	Contractor		25.2	___	O&M	86-0228
1 C Hut Medical Screening Bldg	Dec 86	864 En Bn	45	9.9	11.3	O&M	86-0241
C Hut addition (Contracting office)	Dec 86	Contractor		6.5	___	O&M	86-0232
3 Wells	Dec 86	NMCB 133	25	26.0	70.2	O&M	86-0238
6 C Huts (Engineer Area billets)	Dec 86	864 En Bn	45	10.2	25.2	O&M	86-0171
12 Guard Towers	Dec 86	864 En Bn	45	63.3		O&M	86-0206
½ C Hut (POL Yard)	Jan 87	125 CES	52	2.3	4.1	O&M	86-0022
Eyewash/shower in POL area	Jan 87	125 CES	52	5.0	4.1	O&M	86-0245
C Hut Addition joining ARFOR/ AFFOR offices	Jan 87	125 CES	52	7.5	2.8	O&M	86-0255
Relocate 2 maintenance hangars	Jan 87	864 En Bn	45	10.0		O&M	87-0032
Electrical upgrade (18 C Huts, MI Bn)	Jan 87	864 En Bn	45	36.0	12.6	O&M	86-0179
Commerical power (MAC/ALCE area)	Jan 87	125 CES	52	8.0		O&M	86-0047
Electrical Upgrade (Medical Billets)	Jan 87	152 CES	52	23.0	12.6	O&M	86-0198
Upgrade perimeter road	Feb 87	34 En Bn	120	87.0		O&M	86-0207
Electrical Upgrade (Sig Bn Billets)	Feb 87	131 CES	52	10.0	3.6	O&M	86-0197
Recreation Shelter	Feb 87	152 CES	52	6.0	8.1	O&M	86-0227
C Hut addition (Medical offices)	Feb 87	152 CES	52	7.5		O&M	86-0254
ADAG Area	Feb 87	143 CES	52	134.3		O&M	86-0242

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Heliport (Medical Area)	Feb 87	864 En BN	45	8.0		O&M	86-0247
Electrical Upgrade (Chapel/ PAC area)	Feb 87	131 CES	52	10.0		O&M	86-0192
Ammunition Holding Point	Mar 87	34 En Bn	120	91.0		O&M	86-0230
Electrical Upgrade (HHC C Hut billets)	Mar 87	34 En Bn	120	21.0		O&M	86-0196
MI Bn Operations upgrade (C Huts)	Mar 87	172 CES	52	76.0		O&M	87-0013
Upgrade C Hut (Post Office)	Mar 87	172 CES	52	8.0		O&M	86-0221
Electrical Upgrade C Huts (JSA)	Mar 87	172 CES	52	8.0		O&M	86-0202
Relocate hot refuel point	Apr 87	Contractor		15.0		O&M	86-0251
1 C Hut office space (224 MI Bn)	Apr 87	173 CES	52	15.0		O&M	86-0219
21 C Huts (Transient Billets)	Apr 87	Contractor		88.2	___	O&M	87-0031
Covered customs area	Apr 87	Contractor		10.0	___	O&M	86-0176
Main dining facility, 240 man	Apr 87	43 En Bn	50	188.0		O&M	86-0249
Approach helipad (UH-1 hangar)	Apr 87	43 En Bn	50	15.0		O&M	86-0246
1 C Hut (weightroom/Blackjack)	Apr 87	140 CES	52	17.7		O&M	86-0235
Mail room improvements	Apr 87	140 CES	52	3.0		O&M	86-0214
Security cyclone fencing	Apr 87	Contractor		173.9	___	O&M	87-0026
Dust Control	Apr 87	Contractor		206.0	___	O&M	87-0044
1/2 C Hut and fencing (supply yard)	Apr 87	Contractor		74.8	___	O&M	87-0045
Swimming pool	Apr 87	Contractor		170.3	___	O&M	86-0027
Repair aircraft parking ramp	Apr 87	43 En Bn	50	14.9	___	O&M	
Hospital warehouse	Apr 87	Contractor		37.6	___	O&M	86-0053
Relocate 3 C Huts (Blackjack)	Apr 87	Contractor		8.8	___	O&M	87-0047

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Water at 224 MI Bn Flightline	Apr 87	Contractor		10.0	___	O&M	86-0095
Emergency Operations Bunker	Apr 87	Contractor		19.3	___	O&M	87-0029
Extend and Cover PX storage yard	Apr 87	Contractor		38.2	___	O&M	87-0027
Area Security Lighting (11 Sig Bn)	May 87	136 CES	52	6.0	___	O&M	87-0037
South Shower	May 87	Contractor		30.6	___	O&M	86-0240
Commercial Power to Non Directional Beacon	May 87	136 CES	52	4.0	___	O&M	86-0190
South Base Exchange	May 87	Contractor		9.2	___	O&M	87-0046
Electrical Power to 3 wells	May 87	136 CES	52	8.0	___	O&M	87-0038
Medical Storage Facility	Jun 87	652 En Det	52	19.8	___	O&M	87-0075
1 C Hut (oxygen storage)	Jun 87	652 En Det	52	11.2	___	O&M	87-0074
All ranks club South	Jun 87	210 En Det	52	90.9	___	O&M	87-0052
All Ranks Club (JTF-B)	Jun 87	136 CES	52	90.0	___	O&M	86-0049
Reroute power lines from POL yard	Jun 87	Air National Guard (ANG)	52	5.0	___	O&M	87-0043
Close power loop	Jun 87	ANG	52	20.0	___	O&M	87-0041
Motor Pool Upgrade (224 MI Bn)	Jun 87	ANG	52	65.3	___	O&M	87-0015
Auxiliary Power line	Jun 87	ANG	52	70.0	___	O&M	87-0040
Security upgrade JTF-B	Jul 87	43 En Bn	50	125.0	___	O&M	87-0017
Security upgrade Blackjack	Jul 87	43 En Bn	50	125.0	___	O&M	87-0018

Description of Work	Date	Contractor or Military Unit	Number Personnel	Funded Cost	Unfunded Cost	Funding Service	Remarks
Vehicle Access Barriers	Jul 87	43 En Bn	50	127.3	___	O&M	87-0016
Volley/Basketball Court (Blackjack)	Jul 87	43 En Bn	50	23.3	___	O&M	86-0044
All Ranks Club (Blackjack)	Jul 87	43 En Bn	50	90.0	___	O&M	87 0053
Hospital improvements	Jul 87	75 En Det	52	25.0	___	O&M	87-0078
Water/Sewer to hospital	Jul 87	Contractor		23.9	___	O&M	87-0077
1 C Hut (Xray room, hospital)	Aug 87	Contractor		27.6	___	O&M	87-0071
Recreation Facility	Aug 87	43 En Bn	50	102.0	___	O&M	86 0226
Dining Facility (Blackjack)	Aug 87	43 En Bn	50	176.0	___	O&M	87-0024
Arts & Crafts Center	Aug 87	43 En Bn	50	30.0	___	O&M	86-0225
Softball field	Sep 87	Contractor		92.2	___	O&M	86-0111
Football field	Sep 87	Contractor		116.2	___	O&M	86-0112

1. Construction data does not include base camp construction, i.e., tent platforms and frames. These items were disassembled at the conclusion of the exercise.

2. Funded costs: Materials and POL. Funds obligated to date.

3. Unfunded costs: Troop labor.

4. Number in remarks is Palmerola project number.

AIRFIELD CONSTRUCTION

Question: Provide a listing of all airfield construction in Honduras which has been accomplished with other than major military construction funds. List by airfield, in chronological order, each engineering activity, a description of the work accomplished on each occasion, the date, the funded and unfunded cost of each separate engineering activity, the unit performing the work, the number of personnel associated with the activity, the location of the airfield, each time the activity, the location of the airfield, each time it has been used to support U.S. military exercises, and planned future construction at each location.

Answer: Requested data is provided on the attached tables.

FORWARD LANDING STRIP EXERCISE RELATED CONSTRUCTION

AGUACATE

DATE	EXERCISE	WORK ACCOMPLISHED	COST FUNDED	COST UNFUNDED	UNIT	NO. PERSONNEL	WHEN USED
Nov 83-Feb 84	Ahuas Tara 83	Construct a 3,300 foot compacted soil extension to an existing forward landing strip (FLS).	159.0	169.2	46 EN BN	200	Supported Exercise AT 83, Feb 84
CUCUYAGUA							
Mar-May 84	Granadero I	Construct a 4650' compacted soil FLS and MOG 3 (3 C130 aircraft) parking apron.	127.8	96.9	864 EN BN	250	Supported Exercise Granadero I, May-Jun 84
Feb-Mar 85	Ahuas Tara 85	Repair a 4650' compacted soil FLS to include runway, parking apron and drainge.	7.5	58.2	618 EN CO	160	Supported Exercise AT 85, Apr 85
COLOSON							
Jan-Mar 88	Ahuas Tara 88	Construct 15,000 square meter compacted gravel cargo staging area.	120.0 (est)	200.0 (est)			Proposed construction
Jan-Mar 88	Ahuas Tara 88	Construct 4,000 SM compacted gravel CL V (ammunition) storage area.	32.0 (est)	60.0 (est)			Proposed construction
Jan-Mar 88	Ahuas Tara 88	Construct a 4300 SM compacted gravel parking ramp for aircraft.	52.0 (est)	100.0 (est)			Proposed construction
JAMASTRAN							
Mar-May 84	Granadero I	Construct a 4600' compacted soil FLS and MOG 3 parking apron.	137.1	110.4	864 EN BN	250	Supported Exercise Granadero I, May-June 84.
Jan-Mar 87	Ahuas Tara 87	Repair 4600' FLS to include soil cement stabilization (4600' x 80'); repair drainage ditches and culverts.	110.3	69.2	27 EN BN	400	Supported Exercise AT 87, Apr 87

JAMASTRAN, Cont'd

DATE	EXERCISE	WORK ACCOMPLISHED	COST FUNDED	COST UNFUNDED	UNIT	NO. PERSONNEL	WHEN USED
Jan-Mar 87	Ahuas Tara 87	Construct 1 KM of two lane, compacted soil, military standard access road and a 70,000 SF soil cement stabilized expansion to C130 parking apron (size of apron increased from 3 to 5 C130).	151.1	111.6	27 EN BN	400	Supported Exercise AT 87, Apr 87
Jan-Mar 88	Ahuas Tara 88	Maintain 4600' FLS and parking apron (if required).	10.0 (est)	20.0 (est)			Proposed maintenance
LA MESA							
Jan-Mar 88	Ahuas Tara 88	Construct a 47,000 SM compacted gravel cargo staging area.	376.0 (est)	220.0 (est)			Proposed construction
MOCORON							
Mar-Apr 86	Cabanas 86	Construct a 4100' compacted soil FLS with MDG 3 parking apron.	75.0	252.0	27 EN BN	220	Supported Exercise Cabanas 86, Jul-Aug 86.
Jan-Mar	Cabanas 88	Repair and maintain 4100' FLS and parking apron.	70.0 (est)	120.0 (est)			Proposed maintenance
PALMEROLA							
Jan-Mar 87	Ahuas Tara	Construct a 1450' x 600' soil cement stabilized parking apron (12 C130 aircraft) and two 75' x 100' taxiway access lanes.	330.3	405.0	27 EN BN	400	Support Exercise AT 87, Apr 87
Jan-Mar 87	Ahuas Tara	Construct 87,000 SY of compacted gravel cargo staging area and 2 KM of compacted gravel two lane military standard access road.	254.8	73.7	548 EN BN 27 EN BN	400	Supported Exercise AT 87, Apr 87.

PUERTO LEMPIRA

DATE	EXERCISE	WORK ACCOMPLISHED	COST FUNDED	COST UNFUNDED	UNIT	NO. PERSONNEL	WHEN USED
Nov-Dec 82	Ahuas Tara 82	Repair an existing 5100' compacted soil FLS to include grading and compaction and construct a MOG 3 parking apron.	60.0	17.6	NMCB 133	14	Supported Exercise AT 82, Jan-Feb 83
Jan-Mar 88	Cabanas 88	Repair and maintain 5100' FLS.	40.0 (est)				Proposed maintenance.
SAN LORENZO							
Aug 83-Feb 84	Ahuas Tara 83	Construct a 4200' compacted soil C130 forward landing strip (FLS) and parking apron (MOG 3).	35.3	80.8	46 EN BN 22 EN DET 43 EN DET	750	Supported Exercise AT 83, Feb 84
May 84	Granadero I	Repair 4200' FLS to include grading, compaction and cleaning draining ditches.	.1	.3	864 EN BN	15	Supported Exercise Granadero I, May-Jun 84.
Feb-Mar 85	Ahuas Tara 85	Repair a 4200' FLS to include soil cement stabilization along aircraft touchdown area (1500'); cleaning drainage ditches and grade and compact runway and apron.	43.0	217.8	20 EN BN 865 EN DET	260	Supported Exercise AT 85, Apr 85
Jan-Mar 87	Ahuas Tara 87	Repair 4200' FLS to include soil cement stabilization (4200' x 120'); repair drainage ditches and add erosion protection (rocks) to drainage ditches.	153.0	61.4	548 EN BN	400	Supported Exercise AT 87, Apr 87
Jan-Mar 87	Ahuas Tara 87	Construct a 1200'x400' combination C130 (5 aircraft) and OV-10 (10 aircraft) parking apron with two 75' x 125' access ramps using cement stabilized soil as a base.	128.4	62.4	548 EN BN	400	Supported Exercise AT 87, Apr 87

SAN LORENZO, Cont'd

DATE	EXERCISE	WORK ACCOMPLISHED	COST FUNDED	COST UNFUNDED	UNIT	NO. PERSONNEL	WHEN USED
Jan-Mar 87	Ahuas Tara 87	Construct .8KM of two lane compacted soil military standard access road and a 45,000 SF soil cement stabilizied expansion to staging area (old parking apron).	62.3	17.4	548 EN BN	400	Supported Exercise AT 87, Apr 87
Jan-Mar 88	Ahuas Tara 88	Maintain 4200' FLS, parking apron, staging area and roads (if required).	10.0 (est)	20.0 (est)			Proposed maintenance.
TRUJILLO							
Aug-Nov 83	Ahuas Tara 83	Construct a 600' soil cement stabilized extension to an existing 3300' FLS. Contractor did asphalt paving of 600' extension.	130.0	180.0	NMCB 74 Contractor	90	Supported Exercise AT 83, Feb 84

HOSPITAL

Question: Describe the existing hospital at Palmerola. When was it built?

Answer: Initial employment of US medical forces in Honduras occurred with the deployment of the 41st Combat Support Hospital (Fort Sam Houston, TX) during Exercise AHUAS TARA II, August 1983 through February 1984. The 41st Combat Support Hospital was replaced by the 47th Field Hospital (Fort Sill, OK) during post AHUAS TARA II (March 1984), and remained in-country through GRANADERO I (May - July 1984). Records indicated that construction of CAT Hut type structures for the Medical Element began in late March 1984 and continued through April 1984 at an estimated cost of $160,000. The capabilities/description of the Medical Element consist of two (2) operating rooms, twenty (20) field beds (expandable to 30), CMS, laboratory, pharmacy and x-ray. Specialty sections incldue preventive medicine, dental and veterinary.

Question: Provide from the date of construction, by month, the in-patient load for the hospital. Provide a separate listing for the out-patient load.

Answer: The following inpatient and outpatient data, by month, from the date of construction is provided: (Note: outpatient data incomplete from April 1984 through November 1985).

Inpatient		Outpatient	Inpatient		Outpatient
April 1984	55		June 1986	48	1872
May	65		July	58	1252
June	45	960	August	47	1248
July	37	536	September	53	1612
August	22		October	53	2278
September	45		November	56	1878
October	40		December	57	2092
December	31		January 1987	78	1728
January 1985	49		February	91	1803
February	58		March	86	3056
March	70				
April	80				
May	60				
June	60				
July	81				
August	73				
September	51				
October	53				
November	49				
December	37	862			
January 1986	44	1369			
February	41	3310			
March	53	1310			
April	72	1354			
May	45	1370			

Engineering Prepositioning

Question: Last Year's five-year plan submitted by Deputy Secretary Taft indicated plans to preposition engineering equipment in Honduras. Has this project been cancelled.

Answer: Yes

Question: Is engineering equipment already prepositioned in Honduras?

Answer: No

PALMEROLA PERSONNEL

Question: How many military personnel are currently located at Palmerola?

Answer: [Deleted.]

Question: How many contract personnel are presently located at Palmerola?

Answer: [Deleted.]

Question: Provide, by month, the number of military and contract personnel located at Palmerola since November 1982.

Answer: Accurate records by month have been kept only since 1985. During the same time periods there have been an average of 5 US contractors working for Harbart until Sep 1986. From then to the present there have been an average of 12 working for Global. [Deleted.]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1985	753	865	842	020	074	060	958	802	808	774	904	591
1986	893	1240	1186	1177	1051	1112	1094	1017	1038	1109	1171	1157
1987	1182	1195	1241	1253	1164							

Question: Provide a list of each military unit currently at Palmerola. List the number of personnel assigned to each unit. List those units currently living in CAT Huts. List the duration of each unit's deployment to Palmerola.

Answer: The following are non-exercise/augmentee units at Palmerola. All personnel are accommodated in C-Huts. Number in () indicates tour length in months. Six JTF B personnel are there for 1 year.

[Deleted.]

RPV

Question: Last year's submitted five-year plan included construction of facilities to support RPV's. Have these projects been cancelled?

Answer: Yes.

SUBCOMMITTEE RECESS

Senator SASSER. Gentlemen, thank you for appearing here this morning. Thank you for giving us the benefit of your views.

General Galvin, we wish you the very best of luck in your new tour of duty as commander of our forces in Europe. We know that you will do the same exemplary job there that you have done in your other posts heretofore.

General GALVIN. Thank you, Mr. Chairman.

Senator SASSER. Thank you both very much.

[Whereupon, at 12:04 p.m., Monday, April 6, the subcommittee was recessed, to reconvene at the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, APRIL 8, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:40 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Stevens, and Reid.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. KEITH EASTIN, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY

ACCOMPANIED BY:

REAR ADM. J.P. JONES, COMMANDER OF THE NAVAL FACILITIES ENGINEERING COMMAND

BRIG. GEN. JOSEPH A. HOAR, DIRECTOR OF FACILITIES AND SERVICES OF THE MARINE CORPS

REAR ADM. FRANCES NEALE SMITH, DEPUTY DIRECTOR OF THE NAVY RESERVE

REAR ADM. STEVE LOFTUS, COMMANDER OF FLEET AIR MEDITERRANEAN, NAPLES, ITALY

BUDGET REQUEST

Senator SASSER. The subcommittee will come to order. Good morning. I apologize for being late. I apologize to my colleague, Senator Stevens. I was testifying before another committee this morning.

Today we will be hearing from witnesses representing the Department of the Navy. The total request for military construction and family housing for the Navy, the Marine Corps, and the Naval Reserve is $2.7 billion.

This represents an increase of almost $600 million, or almost 30 percent. That is the largest increase for any of the military services in military construction this year.

I am sure that you have been following the work of the House and Senate Budget Committees. I have the misfortune to serve on the Senate Budget Committee, I am sorry to say. It appears certain that the

overall 050 Defense budget function will provide no real growth during fiscal year 1988.

I have asked the Budget Committee and the chairman of the Subcommittee on Defense Appropriations to take note of the relative priority that DOD has given military construction in the coming fiscal year as opposed to defense overall. While the Department of Defense is requesting 3 percent real overall growth for the defense budget itself, it is requesting 18 percent real growth for military construction.

REDUCTIONS IN MILITARY CONSTRUCTION BUDGET

I do not have to tell you what has happened in recent years when this subcommittee received its allocation from the full committee based on the budget resolution. Military construction was constrained at the same level as that of the Defense Subcommittee.

I hope that we can prevent that from happening this year. Another 20-percent cut in military construction I fear would begin to cut into the very bone of our Milcon budget, and would impact on the high-priority quality-of-life needs.

I have appealed to each service in turn to give the subcommittee the ammunition we need to fight for the extra budget authority for military construction.

LETTER FROM NAVY SECRETARY

I have received a copy of a letter that Secretary Pyatt sent to the chairman of the full committee, Senator Stennis. I am sorry to say that Mr. Pyatt's letter was not as helpful as I thought it should have been and hoped that it would have been.

Instead of providing high-level Department of the Navy input that military construction is a high priority of Navy leadership, he chose to scold the Congress for past cuts and past reductions. What is past is past, and we are trying to work out an allocation that gives Milcon some preference regardless of the level of the Defense function overall.

What we need, I think, is the Secretary of the Navy and the Chief of Naval Operations to communicate with Senator Stennis that they are willing to give up procurement dollars or operation and maintenance dollars in order to protect military construction.

I firmly believe that, until we can get that kind of support, we are going to be at a very distinct disadvantage as far as military construction is concerned. We all know here that military construction has no constituency except the soldiers and sailors and marines and their families who must work and live in the facilities and in the housing that we provide.

It is the senior leadership of the Navy and the Marine Corps who must be the advocates for the budget which has been submitted. It does not make much difference what kind of a record you make before this subcommittee here this morning. You are preaching to the choir as far as I am concerned, and I suspect as far as Senator Stevens is concerned also. We understand your needs and we want to support them to the

extent that we will be permitted under the allocation that this subcommittee receives from Chairman Stennis.

I hope everybody is getting the message. With the largest increase requested for military construction, I think frankly the Navy has the most to lose if Milcon spending is severely constrained. And I have said before that, when we go to markup, we will be guided in part by what we perceive to be the kind of support that we have gotten from each of the services, the kind of support we have gotten at the highest level.

HOUSE CUT OF MILITARY CONSTRUCTION BUDGET

I am sure that our witnesses today know that the House Armed Services Committee just yesterday approved a cut of $1.4 billion in the military construction budget. That is almost twice the size of the cut that I would have thought to be appropriate. So you can see what we are going to be up against.

The Navy and this subcommittee are not working at cross purposes. We are asking for the Navy's help this morning.

Senator Stevens, do you have an opening statement?

Senator STEVENS. Well, Mr. Chairman, I am pleased to hear your comments. I think it is the Budget Committee that gives us the problem. I do not view this budget as being an increase. It is approximately the same request that the Navy made last year. If looked at in terms of a 5-year program, it is a no-increase budget from the point of view of their request.

The difficulty is, if we look at the moneys we were able to provide last year and then take that as a base, then this becomes a problem, because, if the appropriations are to be reduced, then I think that that would lead to a greater impact on the Milcon budget than would be even under the Budget Committee approach. I think we do have a job of trying to convince the Budget Committee people to hold the level high enough so that Milcon can be absorbed.

NAVY INSTALLATIONS IN ALASKA

I am, of course, very interested in the impact of the Navy's Milcon request on the installations that affect my State. Most of them, I might add, are primarily related to the submarine program and to the communications program. I hope one of these days you will be able to go out there, you and other members.

The major Navy installation in my State is 1,200 miles west of Anchorage. It is like between here and Denver, you know. I mean that is how far west of the population center of Alaska the Navy operates. Yet they need considerable help out there because of the developments that are taking place.

I will welcome your review of that. In my judgment, even assuming that we do achieve a substantial breakthrough as far as the arms control negotiations with the Soviets, Adak takes on an increased role in the postagreement period. The installations that they are requesting, that the Navy is requesting, for the west coast service, the submarine fleet,

and Adak to maintain the activities there, many of which are extremely classified, are essential to plan for the future in a period of postagreement operations.

I would urge you to view them from that point of view. I would like to join you in a request to the Budget Committee to take a good look at the Milcon request from the point of view of the future requirements, particularly of the Navy.

Thank you, Mr. Chairman.

Senator SASSER. Well, thank you very much, Senator Stevens. Senator Reid, do you have an opening statement?

Senator REID. I do not, Mr. Chairman.

INTRODUCTION OF WITNESSES

Senator SASSER. All right. This morning we will be hearing from the Principal Deputy Assistant Secretary of the Navy for Shipbuilding and Logistics, the Honorable Keith Eastin. He is accompanied by Rear Adm. J.P. Jones, the Commander of the Naval Facilities Engineering Command, Brig. Gen. Joseph P. Hoar, the Director of Facilities and Services of the Marine Corps, and Rear Adm. Frances Neale Smith, Deputy Director of the Navy Reserve.

Gentlemen, I welcome you here this morning. We are glad to have you, and we look forward to your testimony. I assume you will be first, Mr. Eastin.

OPENING REMARKS OF KEITH EASTIN

Mr. EASTIN. I have a prepared statement which I will submit for the record rather than troubling you with 18 pages of litany this morning, with your permission.

It is my pleasure to be here before the committee. I would like to just summarize some of the things that are in my statement.

In addition to the three gentlemen that you indicated we also have Rear Adm. Steve Loftus, who is the Commander of Fleet Air Mediterranean from Naples, who will be discussing our request for Naples funding.

Senator SASSER. We are pleased to have you here this morning, Admiral Loftus.

Mr. EASTIN. I am a relative newcomer to the military construction procedure in defense. As a result I am going to rely on Admiral Jones and General Hoar to discuss more of the particulars with you.

Admiral Jones will be retiring this summer, and General Hoar has now assumed the command duties at Parris Island, so neither of them will be appearing before the committee at any great length after this. I would like to bid them adieu along with you I hope.

CUTS IN MILITARY CONSTRUCTION BUDGET

In preparing for these hearings and in general looking at the military construction program of the Navy, and as a neophyte and a little naive in these matters, one thing that kind of astounded me was the relative

size of the cuts that the military construction budget has been taking over the past years in relation to what the requests have been. By relative I mean in relation to the rest of the DOD programs. I have to echo some of your concerns in this matter, Senator Sasser.

In 1985 we took a 21-percent cut in Milcon, where overall DOD took something less than three. In 1986 we took an 18-percent cut, and DOD took two. Last year we took a 24-percent cut when the overall cut was somewhat less than 8 percent. In the last 3 years alone, we have been cut by more than $1 billion in military construction requests. As you pointed out, this cannot go on forever.

DECAY OF NAVY INFRASTRUCTURE

Our infrastructure in the Navy is decaying. We need maintenance for the various physical facilities which are, in fact, designed to support the already approved ship and aircraft construction and procurement items that we have obtained. Without an efficient infrastructure in terms of the physical plant, the operating assets cannot be cost effectively used.

We understand how easy Milcon targets are because they are in large part discretionary and without a large sponsor sitting up here on the Hill. They can take a hit a lot easier than other items of military expenditures.

We expect to stand fast and supply to you whatever support you need to help us in maintaining the military construction budget this year.

HOME PORTING INITIATIVE

Additionally in the budget this year we have our home porting initiative. This will be the third increment for Everett and for Staten Island home porting, and it will be the first increment for the gulf coast initiative and the home porting in California.

NAPLES RELOCATION PROJECT

Also we have delayed from last year the Naples relocation project that Admiral Loftus can discuss a little later with you. From a policy position we see this as one of the most important items in our military construction budget this year. It is an attempt to deal with a potentially catastrophic event in Naples involving seismic activity.

I know there are persons lobbying against the project from various other sides. I don't think it is appropriate to sit and worry about lease payments that might be due some contractors or lessors in Naples when we are considering the possible loss of lives of our men and women and possible loss of our critical command, control, communications, and intelligence [C^3I] activities.

FAMILY HOUSING

In addition, we are asking for $800 million in family housing. We have found that, especially in the areas close to the coasts, that the private sector is not very good at providing housing for our families. They can provide it, but it is at a cost that our Navy personnel cannot afford. So we are going to have to try to respond to this by building housing for them ourselves.

I think this has an importance that goes beyond keeping our people housed. It affects the morale of the military personnel, and when the morale is negatively affected I think the ability to retain these trained and specialized personnel is substantially decreased. We have a diminished readiness as a result of that.

Our intention is to build 4,100 family units this year with 1988 Milcon, and in the future years request 3,000 units per year. That, in addition to the roughly 1,000 that we will get from the private sector, will wipe out our deficit in family housing by 1995.

Improvements to existing family housing are drastically needed. We have overall Navy-wide roughly $8,600 per family unit in overdue repairs. I don't need to explain to members of this committee what your home would look like if it needed $8,600 in fix-up work. We have to bring that down. The program that we are putting forth here through 1995 will bring the maintenance deficit on the family housing units down to about $1,000 a unit, which is very livable.

RESERVE COMPONENT

For our reserve component this year, we are requesting $74 million to support our reserves which are becoming more important as we increase the size of our Navy. With that, I'll turn this over to Admiral Jones who can say a few words.

[The statement follows:]

PREPARED STATEMENT OF KEITH EASTIN
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE:

I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO PRESENT THE NAVY AND MARINE CORPS FISCAL YEAR 1988/89 MILITARY CONSTRUCTION, RESERVE COMPONENTS' CONSTRUCTION, AND FAMILY HOUSING REQUEST. IN BOTH YEARS WE ARE ASKING FOR $2.6 BILLION, OF WHICH $1.8 BILLION IS FOR MILITARY CONSTRUCTION AND $.8 BILLION IS FOR FAMILY HOUSING. AS IN PRIOR YEARS, THE MILITARY CONSTRUCTION AND FAMILY HOUSING BUDGET WAS DEVELOPED IN CONJUNCTION WITH THE TOTAL NAVY AND MARINE CORPS REQUIREMENTS IN ORDER TO PROVIDE THE OPTIMUM MIX OF APPROPRIATIONS, WITHIN BUDGET LIMITATIONS, NECESSARY TO SUPPORT OUR MARITIME STRATEGY. THE CENTERPIECE OF THIS STRATEGY IS THE READINESS OF OUR 600-SHIP FORCE LEVEL WHICH IS TO BE REACHED IN 1989. ADEQUATE FACILITIES TO SUPPORT THESE SHIPS AND THE PERSONNEL THAT MAN THEM ARE ESSENTIAL IN OBTAINING AN ADEQUATE READINESS POSTURE. IN VIEW OF THE DIRECT IMPACT THAT THE MILITARY CONSTRUCTION ACCOUNT HAS ON THE READINESS OF OUR EXPANDING FLEET, THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS HAVE PLACED INCREASED EMPHASIS ON MILITARY CONSTRUCTION. ALTHOUGH THIS REQUEST REPRESENTS LESS THAN 3 PERCENT OF THE NAVY'S BIENNIAL BUDGET, IT IS A VITAL ELEMENT OF OUR MARITIME STRATEGY, PROVIDING THE NECESSARY FACILITIES TO SUPPORT PERSONNEL, SHIPS, AIRCRAFT AND WEAPONS SYSTEMS WHICH HAVE ALREADY BEEN APPROVED BY CONGRESS. WITHOUT THESE FACILITIES, VALUABLE RESOURCES WILL BE USED IN AN INEFFICIENT AND COSTLY MANNER, PROVIDING AN ADVERSE IMPACT ON OUR READINESS.

MILITARY CONSTRUCTION

THE $1.8 BILLION MILITARY CONSTRUCTION PORTION OF OUR REQUEST IN BOTH FISCAL YEARS 1988 AND 1989 IS AT THE SAME LEVEL AS THAT REQUESTED LAST YEAR AND EACH YEAR HAS ABOUT THE SAME BUYING POWER AS THE $1.7 BILLION APPROVED IN FISCAL YEAR IN 1987.

THE NAVY MILITARY CONSTRUCTION ACCOUNT HAS BEEN SEVERELY REDUCED BY CONGRESS IN THE PAST THREE YEARS. THE COMBINED REDUCTION RATE OF OVER 20 PERCENT DURING THIS PERIOD REPRESENTS A REDUCTION RATE OF ABOUT THREE TIMES THAT FOR THE TOTAL DEPARTMENT OF DEFENSE BUDGET. THESE REDUCTIONS, TOTALLING OVER $1 BILLION, HAVE RESULTED IN THE DEFERRAL OF MANY HIGH PRIORITY PROJECTS WHICH NEGATIVELY IMPACT ON FLEET READINESS AND INCREASE OUR OPERATION AND MAINTENANCE COSTS. THE AREA MOST GREATLY AFFECTED BY THESE REDUCTIONS IS THE REPLACEMENT AND MODERNIZATION OF OUR DETERIORATING NAVY PLANT. CONTINUED REDUCTIONS TO THE MILITARY CONSTRUCTION ACCOUNT AT THE RATE EXPERIENCED IN THE PAST THREE YEARS WOULD INCREASE THE AVERAGE AGE OF OUR FACILITIES TO AN UNACCEPTABLY HIGH LEVEL. OUR FISCAL YEAR 1988 REQUEST WOULD RESTORE THE ACCOUNT TO THE FISCAL YEAR 1986 APPROPRIATED LEVEL AND WOULD RETARD THE RATE AT WHICH OUR FACILITIES ARE AGING, BUT WOULD NOT ARREST THE DECLINE IN MATERIAL CONDITION OF OUR AGING PLANT. ANY REDUCTIONS TO THIS REQUEST WOULD THEREFORE EXACERBATE THIS ALREADY THREATENING SITUATION, AND CUTS AT THE LEVEL OF THE PREVIOUS THREE YEARS WOULD BE DISASTROUS.

I WOULD NOW LIKE TO BRIEFLY DISCUSS SOME OF THE HIGHLIGHTS OF THIS YEAR'S NAVY AND MARINE CORPS MILITARY CONSTRUCTION PROGRAM. AS HAS BEEN THE CASE IN PREVIOUS YEARS, THE VAST MAJORITY OF OUR PROGRAM (89 PERCENT) IS FOR PROJECTS INSIDE THE UNITED STATES, WITH ONLY 11 PERCENT FOR OVERSEAS PROJECTS.

STRATEGIC HOMEPORTING

KEY TO OUR GOAL OF MARITIME SUPERIORITY IS OUR STRATEGIC HOMEPORTING PROGRAM WHICH WILL FACILITATE OUR 600 SHIP NAVY IN THE LEAST VULNERABLE, MOST AFFORDABLE WAY, MAXIMIZING OUR READINESS WITH MINIMAL ADDITIONAL RESOURCES. FOUR MAJOR HOMEPORTING INITIATIVES ARE KEY TO THE ACCOMPLISHMENT OF OUR OBJECTIVES. THEY INCLUDE THE HOMEPORTING OF A BATTLESHIP BATTLE GROUP IN STATEN ISLAND, NEW YORK; A CARRIER BATTLE GROUP IN EVERETT, WASHINGTON; A BATTLESHIP BATTLE GROUP, CARRIER BATTLE GROUP, AND OTHER SHIPS IN THE GULF STATE PORTS OF INGLESIDE

(CORPUS CHRISTI), TEXAS; GALVESTON, TEXAS; LAKE CHARLES, LOUISIANA; GULFPORT, MISSISSIPPI; PASCAGOULA, MISSISSIPPI; MOBILE, ALABAMA; PENSACOLA, FLORIDA; AND KEY WEST, FLORIDA; AND AN EXPANDED BATTLESHIP SURFACE ACTION GROUP IN SAN FRANCISCO AND LONG BEACH, CALIFORNIA AND PEARL HARBOR, HAWAII. IN EACH OF THESE INITIATIVES, WE HAVE WORKED WITH THE LOCAL COMMUNITIES IN FINDING THE LEAST COSTLY SOLUTIONS.

BY DEVELOPING THESE PORTS, WE WILL BE EXPANDING OUR INDUSTRIAL SUPPORT BASE, THEREBY OBTAINING SAVINGS THROUGH INCREASED COMPETITION IN FUTURE MAINTENANCE REPAIR AND SUPPORT SERVICES. USE OF ADDITIONAL, LESS CONCENTRATED, PORTS WILL IMPROVE OUR DEFENSIVE POSTURE BY COMPLICATING ENEMY MINE, CRUISE MISSILE, AND ATTACK SUBMARINE TARGETING. THE DIVERSE GEOGRAPHICAL LOCATIONS OF THESE PORTS WILL ALLOW US TO OPERATE AND TRAIN IN VARYING ENVIRONMENTS WITH A REDUCTION OF TRANSIT TIME. THE EVERETT AND STATEN ISLAND PORTS PROVIDE US WITH QUICK ACCESS TO THE NORTHEAST AND NORTHWEST SEALANES AND PORTS, WHILE THE HOMEPORTS IN THE GULF WILL ENHANCE OUR RESPONSIVENESS IN THE CARIBBEAN AND CENTRAL AMERICA, AND PROVIDE A PRESENCE TO THE SEALANES NECESSARY FOR THE PASSAGE OF MOST OF NATO'S VITAL REINFORCEMENT SHIPPING.

THIS YEAR WE ARE REQUESTING OUR THIRD INCREMENT OF FUNDING FOR STATEN ISLAND AND EVERETT AND OUR FIRST INCREMENT OF FUNDING FOR THE GULF COAST AND CALIFORNIA PORTS. IN FISCAL YEAR 1988 WE ARE REQUESTING A TOTAL OF $273 MILLION FOR THE FOUR INITIATIVES, AND IN FISCAL YEAR 1989 WE ARE REQUESTING $205 MILLION. THESE AMOUNTS ARE REQUIRED IN ORDER TO HAVE THE MINIMUM REQUIRED FACILITIES CONSTRUCTED IN TIME TO MEET THE INITIAL OPERATING CAPABILITY DATES OF THESE PORTS AND TO BE ABLE TO CONSTRUCT THE REQUIRED FACILITIES WITHIN THE CONGRESSIONALLY MANDATED CAP OF $799 MILLION.

EARLE AND SAN DIEGO PIERS

COMPLEMENTING THE MORE VISIBLE STRATEGIC HOMEPORTING PROGRAM IS OUR CONTINUING ACTION TO PROVIDE ADEQUATE BERTHING FACILITIES

AT OUR EXISTING PORTS FOR OUR EXPANDING FLEET. MAJOR ITEMS IN THIS AREA ARE THE CONTINUATION OF CONSTRUCTION ON THE NEW AMMUNITION PIER AND TRESTLE AT THE NAVAL WEAPONS STATION, EARLE, NEW JERSEY; AND A $35.5 MILLION REPLACEMENT BERTHING PIER AT THE NAVAL STATION, SAN DIEGO, CALIFORNIA. ADDITIONAL FUNDS FOR APPROPRIATIONS IN THE AMOUNT OF $27.0 MILLION ARE BEING REQUESTED FOR THE PIER AT EARLE TO AUGMENT THE $32.5 MILLION PROVIDED IN FISCAL YEAR 1987. IN ADDITION, $34.5 MILLION IS BEING REQUESTED FOR DREDGING AND $9.7 MILLION FOR MAGAZINES. THE PIER WILL PROVIDE SAFE, LONG-TERM HOMEPORT BERTHING FOR THE ATLANTIC FLEET AOE'S (FAST COMBAT SUPPORT SHIPS). THERE ARE NO EXISTING PIERS ON THE EAST COAST THAT ARE CAPABLE OF BERTHING THE AOE'S WITHOUT SUBJECTING ADJACENT SHIPS AND PERSONNEL TO THE EXPLOSIVE HAZARD ARC PRODUCED BY THE AOE'S WHEN LOADED. THE PIER REPLACEMENT AT SAN DIEGO WILL PROVIDE A SAFE AND RELIABLE REPAIR PIER WITH AN ADEQUATE WATER DEPTH AND UTILITIES TO SUPPORT OUR NEW DEEP-DRAFT SURFACE COMBATANTS.

QUALITY-OF-LIFE

THE NAVY AND MARINE CORPS CONTINUE TO ENHANCE THE QUALITY-OF-LIFE OF THEIR SAILORS AND MARINES BY PROVIDING THEM QUALITY QUARTERS AND COMMUNITY SUPPORT FACILITIES. THE FISCAL YEAR 1988/89 REQUEST INCLUDES $432 MILLION FOR FIFTY PROJECTS THAT WILL PROVIDE 21,290 NEW AND MODERNIZED SPACES FOR OUR PERSONNEL. FORTY-FOUR OF THESE PROJECTS FOR $387 MILLION PROVIDE 17,384 SPACES AT ACTIVITIES INSIDE THE UNITED STATES. ALL BUT THREE OF THESE PROJECTS ARE IN SUPPORT OF OUR ENLISTED PERSONNEL. THE SMALL REQUEST FOR OFFICER QUARTERS DOES NOT REFLECT THE LACK OF A NEED FOR THESE FACILITIES, BUT RATHER A REACTION TO THE MESSAGE PROVIDED BY THE CONGRESS LAST YEAR WHEN OFFICER QUARTERS PROJECTS WERE DEFERRED AND WE WERE ADVISED TO SEEK THIRD-PARTY FINANCING. WE ARE ACTIVELY PURSUING THIRD-PARTY FINANCING FOR OFFICER QUARTERS AND HAVE ONLY REQUESTED BACHELOR OFFICER QUARTERS PROJECTS IN OVERSEAS LOCATIONS WHERE SUCH FINANCING IS NOT AN ALTERNATIVE. EQUALLY IMPORTANT TO QUARTERS ARE THE COMMUNITY

FACILITIES NECESSARY TO PROVIDE A WHOLESOME ENVIRONMENT FOR OUR PERSONNEL. TWENTY-TWO PROJECTS ARE REQUESTED IN THIS CATEGORY FOR $55.2 MILLION INCLUDING CHAPEL/RELIGIOUS EDUCATION FACILITIES, PHYSICAL FITNESS/INDOOR RECREATION FACILITIES, A CONSOLIDATED PERSONNEL SUPPORT FACILITY, CHILD CARE CENTERS AND A FAMILY SERVICE CENTER.

TRAINING

WE ARE CONTINUING OUR PROGRAM TO PROVIDE MODERN TRAINING FACILITIES NECESSARY TO BRING OUR SAILORS AND MARINES TO THE PROPER STATE OF READINESS TO MAN OUR SOPHISTICATED SHIPS, AIRCRAFT AND WEAPONS SYSTEMS. AS A RESULT OF THE EMPHASIS FIRST PLACED ON THIS PROGRAM IN FISCAL YEAR 1984, WE ARE NOW REALIZING THE BENEFITS OF THE NEW AND MODERNIZED FACILITIES WHICH HAVE SINCE COME ON-LINE AND ARE NOW BEING UTILIZED TO TRAIN OUR PERSONNEL. THESE FACILITIES WITH THEIR MODERN TRAINING EQUIPMENT HAVE PROVEN TO HAVE A STRONG POSITIVE IMPACT UPON OUR READINESS. WE ARE THEREFORE REQUESTING $262 MILLION IN THIS BIENNIAL BUDGET FOR ADDITIONAL NEW AND MODERNIZED TRAINING FACILITIES.

RELOCATABLE OVER-THE-HORIZON RADAR (ROTHR)

RADAR SUPPORT FACILITIES COSTING $24.4 MILLION WERE APPROVED IN FISCAL YEAR 1987 FOR THE INITIAL FUNDING FOR THE NAVY'S OVER-THE-HORIZON RADAR PROGRAM AT THE FIRST SITE LOCATED AT AMCHITKA, ALASKA. THE FISCAL YEAR 1987 FUNDS ARE BEING USED FOR INITIAL SITE WORK AND A PORTION OF THE SUPPORT FACILITIES. WE HAVE IN THIS REQUEST $64.2 MILLION FOR ADDITIONAL SUPPORT FACILITIES AND SITE PREPARATION NECESSARY FOR EQUIPMENT INSTALLATION AND A FULLY OPERATIONAL ELECTRONICS FACILITY. THE PROTOTYPE SYSTEM IS NOW BEING TESTED AT CHESAPEAKE, VIRGINIA, AND WILL BE RELOCATED TO AMCHITKA, PROVIDING US OUR FIRST FACILITY CAPABLE OF PROVIDING ESSENTIAL EARLY WARNING TO OUR SHIPS OF POSSIBLE ENEMY ACTION. THE SECOND FACILITY IS PLANNED FOR GUAM/TINIAN WITH THE FIRST INCREMENT OF FUNDING IN THE AMOUNT OF $26.2 MILLION BEING REQUESTED IN FISCAL YEAR 1989. THE PROGRAM IS BEING DEVELOPED IN CONJUNCTION WITH THE AIR FORCE, ENSURING NO DUPLICATION OF EFFORT.

TRIDENT

WE ARE CONTINUING ON THE DOWNHILL SIDE OF THE FUNDING PROFILE CURVE FOR THE TRIDENT MILITARY CONSTRUCTION PROGRAM AT KINGS BAY, GEORGIA. THIS REQUEST FOR FISCAL YEAR 1988/89 TOTALLING $182.7 MILLION PROVIDES ADDITIONAL FACILITIES NECESSARY TO SUPPORT THE INITIAL OPERATING CAPABILITY OF 1989. THE MODERNIZATION OF THE SEA-BASED LEG OF OUR STRATEGIC TRIAD IS PROCEEDING WELL. THE DEVELOPMENT SCHEDULE OF THE TRIDENT II (D-5) MISSILE IS ON TRACK, MAINTAINING THE SCHEDULED INITIAL OPERATING CAPABILITY OF 1989. IN FISCAL YEAR 1989 WE ARE REQUESTING $26.5 MILLION FOR OUR FIRST INCREMENT OF CONSTRUCTION FOR TRIDENT II (D-5) MISSILE ASSEMBLY FACILITIES AT BANGOR, WASHINGTON. THE PRESENT FACILITIES HAVE A PROCESSING CAPABILITY FOR THE TRIDENT I (C-4) MISSILE.

NAPLES

NEW FACILITIES ARE BEING REQUESTED AGAIN IN NAPLES, ITALY, TO ELIMINATE THE SEISMIC ACTIVITY THREAT WHICH COULD CAUSE CATASTROPHIC LOSS OF LIFE AND DESTRUCTION OF VITAL COMMAND AND CONTROL ASSETS USED BY THE SIXTH FLEET TASK FORCE COMMANDERS. THE FIRST PHASE OF A PROGRAM TO ELIMINATE THIS UNTENABLE SITUATION WAS NOT APPROVED BY CONGRESS LAST YEAR BASED LARGELY ON THE POSITION THAT THERE WAS CONFLICTING TESTIMONY REGARDING THE SEISMIC DANGER, SECURITY OF THE NEW BASE AND THE BENEFITS DERIVED FROM RELOCATING THE COMPLEX. WE HAVE PROVIDED THE COMMITTEES A FEASIBILITY STUDY SHOWING THAT THE COST TO UPGRADE THE EXISTING LEASED COMPLEX TO RESIST GROUND SHAKING WOULD EQUAL OR EXCEED THE COST OF NEW CONSTRUCTION WITHOUT REMOVING THE THREAT OF CATASTROPHIC DAMAGE FROM ERUPTION OR FAULTING, OR PREVENTING MINOR DAMAGE FROM RECURRING LOCAL TREMORS. THE GENERAL ACCOUNTING OFFICE PREPARED A REPORT WHICH ADDRESSED THE NAPLES COMPLEX, AND THEIR FINDINGS SUPPORT THE NAVY'S PLAN. THESE REPORTS PROVIDE CONVINCING TESTIMONY TO THE ABSOLUTE NECESSITY OF RELOCATING OUR FACILITIES FROM NAPLES TO PROTECT OUR PEOPLE AND THE OPERATIONAL READINESS OF THE SIXTH FLEET.

FAMILY HOUSING

OUR TOTAL FISCAL YEAR 1988/89 REQUEST FOR FAMILY HOUSING IS $1.6 BILLION. THE PROGRAM REPRESENTS A BALANCE AMONG ACQUISITION, AND IS THE START OF AN AGGRESSIVE PROGRAMMING GOAL TO ELIMINATE THE FAMILY HOUSING DEFICITS BY 1995. THIS GOAL WAS NECESSITATED BY THE REALIZATION THAT IN MANY OF OUR ACTIVITIES, PARTICULARLY IN HIGH-COST COASTAL AREAS, HOUSING IN THE PRIVATE COMMUNITY IS INSUFFICIENT OR UNAFFORDABLE EVEN WITH THE VARIABLE HOUSING ALLOWANCE. THE ADVERSE EFFECTS ON THE MORALE OF OUR PEOPLE BROUGHT ABOUT BY THE LACK OF HOUSING CAUSE RETENTION PROBLEMS WHICH LEAD TO A DIMINISHED READINESS POSTURE. THIS REQUEST FOR 4,130 NEW FAMILY HOUSING UNITS WILL START US ALONG THE ROAD TO RECOVERY. WE INTEND TO AUGMENT THESE UNITS WITH AN ADDITIONAL 1,000 UNITS EACH YEAR THROUGH THE SECTION 801 PROGRAM AND THROUGH OTHER AVENUES IN THE PRIVATE SECTOR SUCH AS SECTION 802. IN THIS MANNER, WE WILL PROVIDE OUR SAILORS AND MARINES 3,000 NEW UNITS EACH YEAR, THEREBY ELIMINATING OUR DEFICIT BY 1995.

IN ADDITION, WE ARE PLACING INCREASED EMPHASIS ON OUR FAMILY HOUSING IMPROVEMENTS, OPERATIONS, AND MAINTENANCE PROGRAMS. WE HAVE INCLUDED $111.9 MILLION IN THE FAMILY HOUSING IMPROVEMENTS REQUEST TO PROVIDE OUR NAVY AND MARINE CORPS FAMILIES WITH PLACES TO LIVE COMPARABLE TO THOSE FOUND IN THE PRIVATE SECTOR. OUR REQUEST FOR THE OPERATION AND MAINTENANCE ACCOUNTS REFLECTS THE FUNDS NECESSARY TO REDUCE OUR MAINTENANCE BACKLOG FROM $8,600 PER UNIT TO $1,000 PER UNIT BY 1995 AND TO PROVIDE THE FIXED FUNDING REQUIREMENT TO OPERATE OUR FAMILY HOUSING UNITS. ANY REDUCTIONS TO THESE ACCOUNTS WILL RETARD OUR EFFORTS TO REDUCE OUR REPAIR BACKLOG, ADDING COSTS TO EXECUTE ONGOING REPAIR PROJECTS.

NAVAL RESERVE

OUR FISCAL YEAR 1988 AND 1989 REQUESTS FOR NAVAL RESERVE CONSTRUCTION OF $73.7 MILLION AND $56.9 MILLION ARE INDICATORS OF THE INCREASED RELIANCE THE ACTIVE NAVY IS PLACING ON THE NAVAL RESERVE IN MAINTAINING THE NAVY'S TOTAL READINESS AND OPERATIONAL

CAPABILITY. WHILE THESE REQUESTS REPRESENT SUBSTANTIAL INCREASES OVER THE $44.5 MILLION FUNDED LAST YEAR, THEY ARE NECESSARY TO PROVIDE ESSENTIAL FACILITIES IN SUPPORT OF THE RECENT UNPARALLELED PERSONNEL GROWTH AND EQUIPMENT MODERNIZATION OF OUR NAVAL AND MARINE CORPS RESERVES. ALSO REFLECTING THE GROWTH OF OUR RESERVES IN SUPPORT OF OUR TOTAL FORCE CONCEPT IS $46 MILLION WHICH IS INCLUDED IN OUR STRATEGIC HOMEPORTING PROGRAM REQUEST FOR FACILITIES IN SUPPORT OF OUR RESERVE SHIPS AT OUR NEW GULF COAST PORTS OF GALVESTON AND LAKE CHARLES.

OUR TWO RESERVE CARRIER WINGS ARE BEING MODERNIZED AT AN UNPRECEDENTED RATE WITH NEW FRONT LINE AIRCRAFT INCLUDING THE AIRBORNE EARLY WARNING E-2C, THE F-14 FIGHTER, THE F/A-18 STRIKE FIGHTER AND THE A-7E LIGHT ATTACK AIRCRAFT. A PROGRAM IS ALSO UNDERWAY TO SUPPORT OUR COMBAT SEARCH AND RESCUE MISSION WITH NEW P-3C MARITIME PATROL AIRCRAFT, C-20 OPERATIONAL SUPPORT AIRCRAFT AND A NEW HELICOPTER. IN ADDITION, WE PLAN TO TRANSITION OUR REMAINING SQUADRONS OF A-7E'S TO F/A-18 AND A-6E AIRCRAFT BY THE EARLY 1990S. INCLUDED IN OUR FISCAL YEAR 1988/1989 REQUEST ARE 17 MAJOR PROJECTS IN SUPPORT OF AMBITIOUS ENDEAVOR, INCLUDING NEW MAINTENANCE FACILITIES, PARKING APRONS, TRAINING BUILDINGS AND OTHER SUPPORT PROJECTS.

WE HAVE NEARLY 400 NAVAL AND MARINE CORPS RESERVE CENTERS THROUGHOUT THE U.S. IN ORDER TO PROVIDE OUR RESERVISTS TRAINING COMMENSURATE WITH OUR MODERN STATE-OF-THE-ART SHIPS AND EQUIPMENT. TWENTY-SIX FF-1052 AND FFG-7 CLASS FRIGATES AND 13 NEW MINE COUNTERMEASURES (MCM) SHIPS ARE PROGRAMMED TO BE PLACED IN THE NAVAL RESERVES. BY THE END OF THIS FISCAL YEAR, 19 OF THE FRIGATES WILL HAVE BEEN TRANSFERRED TO THE NAVAL RESERVES AND THE INTRODUCTION OF THE MCM SHIPS IS SCHEDULED TO COMMENCE IN FISCAL YEAR 1988. THIS REQUEST INCLUDES 13 MAJOR PROJECTS FOR THE CONSTRUCTION OF NEW RESERVE TRAINING BUILDINGS AND 12 PROJECTS FOR RESERVE TRAINING CENTER ADDITIONS, IMPROVEMENTS AND ACQUISITIONS TO SUPPORT OUR MODERNIZATION EFFORTS IN THE NAVY SURFACE AND MARINE CORPS GROUND RESERVES.

CONCLUSION

MR. CHAIRMAN, THIS BIENNIAL MILITARY CONSTRUCTION REQUEST IS AN INTEGRAL ELEMENT IN OUR STRATEGY OF MARITIME SUPERIORITY. IT PROVIDES THE ESSENTIAL FACILITY SUPPORT FOR THE PERSONNEL, SHIPS, AIRCRAFT AND WEAPONS SYSTEMS WHICH HAVE ALREADY BEEN APPROVED BY CONGRESS AS COMPONENTS OF OUR STRATEGY. THE $5.3 BILLION REQUEST IS A VERY ESSENTIAL ELEMENT IN OUR OVERALL STRATEGY AND A RELATIVELY SMALL INVESTMENT TO INSURE THAT OUR SHIPS, AIRCRAFT AND WEAPONS SYSTEMS ARE EFFECTIVELY OPERATED AND MAINTAINED. REDUCTIONS AT THE LEVELS MADE IN THE LAST THREE YEARS WOULD CAUSE FURTHER DETERIORATION OF OUR AGING PLANT, ADVERSELY AFFECTING OUR READINESS. MR. CHAIRMAN, WE URGE YOU TO SEEK WITHIN THE LEADERSHIP OF CONGRESS A MORE EQUITABLE TREATMENT OF THE MILITARY CONSTRUCTION ACCOUNT AND SOLICIT YOUR FAVORABLE CONSIDERATION OF THE REQUEST.

FISCAL YEAR 1988/89 MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS AUTHORIZATION OF APPROPRIATIONS SUMMARY BY MAJOR CLAIMANT

MAJOR CLAIMANT	FY 88 DOLLARS IN THOUSANDS	FY 89 DOLLARS IN THOUSANDS
Inside the United States		
Commandant of the Marine Corps	$ 254,030	$ 278,640
Space and Naval Warfare Systems Command	49,150	78,000
Chief of Naval Operations	71,690	77,740
Commander in Chief, Atlantic Fleet	204,590	141,960
Commander in Chief, Pacific Fleet	308,267	185,540
Chief of Naval Education and Training	136,110	166,530
Naval Medical Command	700	31,590
Naval Oceanography Command	2,200	
Naval Telecommunications Command	11,200	1,020
Naval Security Group Command	11,940	8,120
Naval Intelligence Command	0	61,825
Naval Supply Systems Command	27,050	43,260
Naval Air Systems Command	28,650	56,320
Naval Facilities Engineering Command	59,193	37,584
Naval Sea Systems Command	140,100	166,060
Office of the Chief of Naval Research	4,000	19,000
Strategic Systems Project Office	130,700	78,490
Subtotal, Inside the United States	1,439,570	1,431,679
Outside the United States		
Commandant of the Marine Corps	17,170	19,740
Chief of Naval Operations	0	26,280
Commander in Chief, Atlantic Fleet	29,527	18,500
Commander in Chief, Pacific Fleet	60,700	15,090
Commander in Chief, Naval Forces Europe	36,190	69,320
Naval Medical Command	0	3,570
Naval Telecommunications Command	5,300	400
Naval Security Group Command	1,870	600
Naval Facilities Engineering Command	10,040	32,320
Subtotal, Outside the United States	160,797	185,820
Various Locations		
Classified Locations	0	7,890
Historic Properties	6,800	7,015
Land Acquisition	23,800	12,370
Unspecified Minor Construction	16,500	16,300
Architectural & Engineering Services & Construction Design	148,655	153,333
Access Roads	14,000	11,819
Subtotal, Various Locations	209,755	208,727
Total Military Construction	1,810,122	1,826,226
Family Housing	799,036	822,495
GRAND TOTAL	2,609,158	2,648,721

FISCAL YEAR 1988/89 MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS AUTHORIZATION OF APPROPRIATIONS SUMMARY BY FACILITIES CATEGORIES

DESCRIPTION	FY 88 DOLLARS IN THOUSANDS	% OF PROGRAM	FY 89 DOLLARS IN THOUSANDS	% OF PRO
Operational	647,027	35.7	351,660	19.3
Training	108,240	6.0	153,940	8.4
Maintenance & Prod.	239,860	13.3	387,950	21.3
RDT & E	66,900	3.7	81,550	4.5
Supply	100,060			
Commandant of the Marine Corps			$ 254,030	$ 278,640
Space and Naval Warfare Systems Command			49,150	78,000
Chief of Naval Operations			71,690	77,740
Commander in Chief, Atlantic Fleet			204,590	141,960
Commander in Chief, Pacific Fleet			308,267	185,540
Chief of Naval Education and Training			136,110	166,530
Naval Medical Command			700	31,590
Naval Oceanography Command			2,200	
Naval Telecommunications Command			11,200	1,020
Naval Security Group Command			11,940	8,120
Naval Intelligence Command			0	61,825
Naval Supply Systems Command			27,050	43,260
Naval Air Systems Command			28,650	56,320
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Subtotal, Various Locations			209,755	208,727

PREPARED STATEMENT OF ADM. J.P. JONES, JR.

Admiral JONES. Good morning again, Mr. Chairman. I have a prepared statement. I really have nothing to add to what Mr. Eastin had to say, sir. In the interest of saving time I will, with your permission, put my statement in the record and be ready to respond to your questions.

[The statement follows:]

Prepared Statement

REAR ADMIRAL J. P. JONES, JR., CEC, U. S. NAVY
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

I AM REAR ADMIRAL J. P. JONES, JR., COMMANDER OF THE NAVAL FACILITIES ENGINEERING COMMAND. I APPRECIATE THE OPPORTUNITY TO REVIEW THE NAVY'S FISCAL YEAR 1988/1989 MILITARY CONSTRUCTION REQUEST WITH YOU. BRIGADIER GENERAL J. P. HOAR, UNITED STATES MARINE CORPS, WILL REVIEW THE MARINE CORPS PORTION OF THE REQUEST.

PROGRAM MANAGEMENT

BEFORE I REVIEW THIS YEAR'S REQUEST WITH YOU, I WOULD LIKE TO BRIEFLY DISCUSS OUR MANAGEMENT OF THE NAVY'S MILITARY CONSTRUCTION PROGRAM. LAST YEAR, I ADVISED THE COMMITTEE THAT OUR EXECUTION OF THE FISCAL YEAR 1986 PROGRAM WAS NOT AS FAVORABLE AS IT HAD BEEN IN PAST YEARS. I FURTHER ADVISED THE COMMITTEE THAT DUE TO OUR "LEAN" COST ESTIMATES, LATE ENACTMENT OF THE FISCAL YEAR 1986 BILL, GENERAL REDUCTIONS, PROJECT COST REDUCTIONS, AND GRAMM-RUDMAN-HOLLINGS ACT REDUCTIONS, IT HAD BEEN NECESSARY TO INITIATE ADDITIONAL COSTLY MANAGEMENT EFFORTS TO EXECUTE THE AUTHORIZED PROGRAM WITHIN TOTAL FUNDS AVAILABLE. IN MANY CASES, WE REWORKED, AND IN SOME CASES, COMPLETELY REDESIGNED, AUTHORIZED PROJECTS TO ACCOMPLISH THIS. THIS EFFORT TOOK AWAY RESOURCES THAT SHOULD HAVE BEEN DEVOTED TO FUTURE YEAR DESIGN EFFORTS, AND RESULTED IN ADDITIONAL CONSTRUCTION DELAYS AND INHERENT INFLATIONARY COST INCREASES.

FOR THE REASONS I HAVE PREVIOUSLY MENTIONED, WE DID NOT OBTAIN A GOOD CONSTRUCTION EXECUTION RATE DURING FISCAL YEAR 1986. I AM, HOWEVER, PLEASED TO REPORT THAT THIS TREND HAS BEEN REVERSED, AND WE EXPECT TO RETURN TO THE 90 PERCENT EXECUTION LEVEL BY THE END OF THIS FISCAL YEAR. CONTRIBUTING TO THIS RECOVERY ARE THE EARLIER ENACTMENT OF THE FY 1987 BILL,

THE ABSENCE OF LARGE GENERAL REDUCTIONS, A LESSENING IN THE NUMBER OF CONGRESSIONAL PROJECT COST REDUCTIONS, THE ABSENCE OF ADDITIONAL GRAMM-RUDMAN-HOLLINGS ACT REDUCTIONS AT THE PROJECT LEVEL, AND EXTENSIVE MANAGEMENT EFFORTS WE HAVE INITIATED TO ENSURE EARLY PROJECT AWARDS.

WITH THE SUPPORT OF CONGRESS, I EXPECT THIS TREND TO CONTINUE. A RECENTLY ENACTED VEHICLE WHICH, IN MY ESTIMATION, ENHANCES THE EARLY EXECUTION OF PROJECTS AND THE RESULTING INCREASED BUYING POWER, IS THE BIENNIAL BUDGET. FROM THE PERSPECTIVE OF AN ENGINEER WHO EXECUTES THE PROGRAM, IT INTRODUCES A NEW DISCIPLINE INTO THE SYSTEM, MAKING US PLAN FURTHER AHEAD. WE HAVE BEEN ABLE TO BEGIN THE DESIGN OF OUR FISCAL YEAR 1989 PROGRAM WELL IN ADVANCE OF THE TIME THAT WE WOULD HAVE STARTED UNDER AN ANNUAL BUDGET, ENSURING EARLIER DESIGN COMPLETION AND CONSTRUCTION CONTRACT AWARD DATES. THIS ADVANCED PLANNING HAS ALSO ALLOWED US TO SUBSTANTIALLY INCREASE OUR PACKAGING OF DESIGN AND CONSTRUCTION CONTRACTS AND REDUCE MANY COST ESTIMATES. THIS HAS THE EFFECT OF INCREASING OUR BUYING POWER WITHIN SCARCE MONETARY RESOURCES. ALTHOUGH THE OUTCOME OF THE BIENNIAL BUDGET THIS LEGISLATIVE SESSION IS UNCERTAIN, I WOULD ENCOURAGE YOU FROM THE VIEWPOINT OF ONE WHO IS RESPONSIBLE FOR THE EXECUTION OF THE PROGRAM TO CONTINUE TO SUPPORT THE REQUIREMENT FOR THE SUBMISSION OF BIENNIAL BUDGETS. IF A BIENNIAL BUDGET IS ENACTED, THE LEGISLATION MUST PROVIDE THE FLEXIBILITY TO MAKE ADJUSTMENTS IN THE SECOND YEAR FOR NECESSARY PRIORITY AND COST CHANGES.

CONGRESSIONAL REQUIREMENTS AND OVERSIGHT

FOR THE PAST FEW YEARS, AS THE COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, I HAVE BEEN RESPONSIBLE FOR THE EXECUTION OF THE MILITARY CONSTRUCTION PROGRAMS AND FOR PROVIDING THE FLEET AND SHORE ACTIVITIES PRODUCTS, SERVICES AND PERSONNEL NECESSARY FOR THE MANAGEMENT OF NAVAL FACILITIES THROUGHOUT THE

WORLD. IN THIS CAPACITY, I HAVE OBSERVED A FEW AREAS IN WHICH I BELIEVE YOU COULD HELP US ENHANCE OUR ABILITY TO MORE EFFECTIVELY MANAGE THE MILITARY CONSTRUCTION PROGRAM AND OUR NAVAL FACILITIES.

EACH YEAR, MY STAFF PREPARES A SYNOPSIS OF ALL NEW LEGISLATIVE AND REPORT LANGUAGE REQUIREMENTS IMPOSED UPON US IN OUR MANAGEMENT OF THE MILITARY CONSTRUCTION PROGRAM. THIS SYNOPSIS HAS CONTINUED TO GROW IN SIZE EACH YEAR; AND A SUBSTANTIAL COMMITMENT OF ADDITIONAL TIME, PERSONNEL AND DOLLARS HAS BEEN NECESSARY TO ENSURE COMPLIANCE WITH THESE REQUIREMENTS. IN GENERAL, I BELIEVE THAT THE GOAL OF CONGRESS IN REGARD TO THE MILITARY CONSTRUCTION PROGRAM IS THE SAME AS OUR GOAL: TO OBTAIN THE MAXIMUM AMOUNT OF QUALITY FACILITIES IN SUPPORT OF OUR MISSION WITHIN THE AVAILABLE SCARCE RESOURCES. MANY CONGRESSIONAL REQUIREMENTS ARE, HOWEVER, COUNTERPRODUCTIVE TO ACHIEVEMENT OF THIS GOAL IN THAT THEY DEMAND USE OF SCARCE RESOURCES WE ALL BELIEVE SHOULD BE DIRECTED TOWARD OBTAINING MORE COST EFFECTIVE FACILITIES. AN EXAMPLE OF SUCH A CONGRESSIONAL REPORT REQUIREMENT WHICH I BELIEVE IS COUNTERPRODUCTIVE IS THE RESTRICTION ON "CROSS-YEAR-FUNDING." THIS REQUIREMENT IMPOSED ON US IN FISCAL YEAR 1986 FORCES US TO TIE UP VALUABLE DOLLARS TO ENSURE THE COMPLETION OF PROJECTS WITH THE SAME YEAR'S FUNDS. EXECUTION IS THEREFORE SLOWED DOWN, RESULTING IN INCREASED COSTS OF OUR FACILITIES. YOUR STAFF HAS BEEN BRIEFED ON THIS, AND I WOULD BE HAPPY TO WORK WITH YOU IN THIS AREA IN AN EFFORT TO ACHIEVE OUR JOINT GOAL.

ANOTHER ACTION YOU COULD TAKE TO HELP US IS TO RAISE THE DOLLAR LEVEL FOR WHICH CONGRESSIONAL OVERSIGHT IS PROVIDED ON MILITARY CONSTRUCTION PROJECTS. THE ADMINISTRATION'S FISCAL YEAR 1988/1989 MILITARY CONSTRUCTION AUTHORIZATION BILL WOULD RAISE THE MAXIMUM AMOUNT FOR MINOR CONSTRUCTION PROJECTS FROM

$1 MILLION TO $2 MILLION AND WOULD RETAIN THE CEILING FOR USE OF OPERATION AND MAINTENANCE FUNDS FOR MILITARY CONSTRUCTION PROJECTS AT $200,000. I BELIEVE THAT THIS LEGISLATION, IF PASSED, WOULD BE A POSITIVE STEP IN RELIEVING THE CONGRESS OF THE REQUIREMENT OF SPENDING EXCESS ATTENTION ON A LARGE NUMBER OF PROJECTS REPRESENTING A SMALL TOTAL DOLLAR VALUE. FOR INSTANCE, IN THE NAVY'S PROGRAM, PROJECTS UNDER $2 MILLION COMPRISE ABOUT 33 PERCENT OF THE BUDGET LINE ITEMS BUT ONLY 6 PERCENT OF THE FUNDS. BASED ON THESE FIGURES, IT WOULD APPEAR TO ME TO BE A REASONABLE MANAGEMENT INITIATIVE TO RAISE THE MINOR CONSTRUCTION LIMIT TO $2 MILLION. THIS WOULD ALLOW CONGRESS TO CONCENTRATE ITS EFFORTS ON 94 PERCENT OF THE FUNDS AND ELIMINATE ONE-THIRD OF THE ADMINISTRATIVE WORK INVOLVED WITH OVERSIGHT ON SMALL PROJECTS.

MILITARY CONSTRUCTION

THE FISCAL YEAR 1988/1989 NAVY AND MARINE CORPS MILITARY CONSTRUCTION REQUEST INCLUDES $1.8 BILLION FOR EACH YEAR. THIS IS THE SAME LEVEL BUDGET REQUEST AS LAST YEAR, AND REPRESENTS ABOUT THE SAME BUYING POWER IN EACH YEAR AS THE $1.7 MILLION ENACTED IN FISCAL YEAR 1986. AS IN PAST YEARS, THE MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST WAS DEVELOPED IN CONSIDERATION OF OTHER NAVY AND MARINE CORPS REQUIREMENTS TO PROVIDE THE OPTIMUM MIX OF APPROPRIATIONS NECESSARY TO SUPPORT THE MARITIME STRATEGY. THE REQUEST INCLUDES A BALANCED PROGRAM SUPPORTING BOTH NEW AND EXISTING MISSIONS. EMPHASIS IS ON FACILITIES THAT PROMOTE PERSONNEL AND MATERIAL READINESS, ENHANCE PRODUCTIVITY, IMPROVE MORALE AND WELFARE, AND CONTRIBUTE TO PERSONNEL RETENTION. AS HAS BEEN THE CASE IN PREVIOUS YEARS, THE VAST MAJORITY OF OUR PROGRAM (89 PERCENT) IS FOR PROJECTS INSIDE THE UNITED STATES WITH 11 PERCENT BEING FOR OVERSEAS PROJECTS. INCLUDED IN THIS REQUEST ARE OVER $280 MILLION FOR HIGH PRIORITY PROJECTS THAT WERE REQUESTED BUT

DENIED IN FISCAL YEAR 1987. THE NECESSARY INCLUSION OF THESE PROJECTS, COUPLED WITH BUDGETARY CONSTRAINTS, HAS REQUIRED THE DEFERRAL OF MANY IMPORTANT PROJECTS TO FUTURE YEARS. THIS "RIPPLE EFFECT" HAS BEEN OCCURRING AT AN ALARMING RATE FOR THE PAST THREE YEARS, A PERIOD WHEREIN OVER $1 BILLION IN NAVY MILITARY CONSTRUCTION PROJECTS HAS BEEN DENIED BY CONGRESS. THIS REDUCTION RATE OF OVER 20 PERCENT IS ABOUT THREE TIMES THAT OF THE OVERALL DEFENSE BUDGET. IN THAT REPLACEMENT AND MODERNIZATION PROJECTS HAVE BEEN THE PROJECTS MOST OFTEN DEFERRED, THE AVERAGE AGE OF OUR FACILITIES IS CONTINUING TO INCREASE AT AN ALARMING RATE. IF SIMILAR REDUCTIONS ARE MADE TO THIS AND SUBSEQUENT BUDGETS, OUR PLANT WILL DETERIORATE TO A STATE THAT WOULD BE DIFFICULT TO OVERCOME. I AM VERY CONCERNED WITH OUR INABILITY TO ARREST THIS TREND.

NEW MISSIONS

THE TOTAL NAVY AND MARINE CORPS REQUESTS FOR NEW MISSIONS ARE $917 MILLION IN FISCAL YEAR 1988 AND $700 MILLION IN FISCAL YEAR 1989. THESE FUNDS ARE FOR CONSTRUCTION SUPPORTING MODERNIZATION OF OUR FORCES BEING CARRIED OUT BY THE INTRODUCTION OF NEW WEAPONS SYSTEMS AND OTHER NEW INITIATIVES.

IN THIS REQUEST, WE HAVE INCLUDED THE THIRD INCREMENT OF FUNDING FOR OUR STRATEGIC HOMEPORTING INITIATIVE AT NEW HOMEPORT SITES AT EVERETT, WASHINGTON, AND STATEN ISLAND, NEW YORK. WE ARE PRESENTING OUR FIRST INCREMENTS OF FUNDING FOR THE GULF COAST PORTS OF INGLESIDE (CORPUS CHRISTI), TEXAS; PENSACOLA, FLORIDA; MOBILE, ALABAMA; PASCAGOULA, MISSISSIPPI; LAKE CHARLES, LOUISIANA; AND GALVESTON, TEXAS; AND THE WEST COAST PORTS OF SAN FRANCISCO AND LONG BEACH, CALIFORNIA. IN FISCAL YEAR 1988 WE HAVE REQUESTED A TOTAL AMOUNT OF $273 MILLION AND IN FISCAL YEAR 1989, $205 MILLION. THESE AMOUNTS HAVE BEEN AUGMENTED BY LOCAL CONTRIBUTIONS IN THE AMOUNT OF $132.4 MILLION. WE HAVE CAREFULLY STRUCTURED THESE PROGRAMS TO

PROVIDE FACILITIES ESSENTIAL IN MEETING INITIAL OPERATING CAPABILITY DATES, AND TO STAY WITHIN THE CONGRESSIONALLY IMPOSED CAP OF $799 MILLION ON THE STRATEGIC HOMEPORTING PROGRAM. THE PROGRAM IS UNDER CONSTANT REVIEW TO ENSURE THAT WE ARE USING THE MOST COST EFFECTIVE TECHNIQUES AND MAKING MAXIMUM USE OF DESIGN AND CONSTRUCTION CONTRACT PACKAGING. THE PROJECTS HAVE ALSO BEEN SUBMITTED AS ONE COMPLEX AT EACH ACTIVITY TO PROTECT THE INTEGRITY OF PACKAGING AND TO FACILITATE THE USE OF SUPPLEMENTAL FUNDING TO BE PROVIDED BY LOCAL COMMUNITIES. DEFERRAL OF ALL OR A PART OF ANY OF THE PROJECTS WILL RESULT IN ADDITIONAL INFLATIONARY COSTS AND THE LIKELIHOOD OF NOT MEETING FLEET ARRIVAL AT THE NEW HOMEPORTING SITES.

OUR REQUESTS FOR TRIDENT FACILITIES AT KINGS BAY, GEORGIA, FOR $131 MILLION IN FISCAL YEAR 1988 AND $52 MILLION IN FISCAL YEAR 1989 ARE SUBSTANTIALLY LESS THAN THE $168 MILLION APPROVED IN FISCAL YEAR 1987, BUT STILL COMPRISE A SUBSTANTIAL PART OF OUR NEW MISSION REQUEST. EXECUTION OF THE KINGS BAY CONSTRUCTION PROGRAM IS PROCEEDING WELL WITH ALL OF THE FISCAL YEAR 1987 PROJECTS EXPECTED TO BE AWARDED BY APRIL 1987. THIS REQUEST PROVIDES ADDITIONAL FACILITIES NECESSARY TO SUPPORT THE PLANNED INITIAL OPERATING CAPABILITY FOR THE TRIDENT II (D-5) SYSTEM AT KINGS BAY, GEORGIA, IN 1989.

IN ADDITION, OUR FISCAL YEAR 1989 REQUEST INCLUDES $26.5 MILLION FOR OUR FIRST INCREMENT OF CONSTRUCTION OF STRATEGIC WEAPONS FACILITIES FOR THE ASSEMBLY AND DISASSEMBLY OF THE TRIDENT II (D-5) MISSILE AT BANGOR (SILVERDALE), WASHINGTON. EXISTING FACILITIES WHICH NOW HAVE A PROCESSING CAPABILITY FOR THE TRIDENT I (C-4) MISSILE WERE ORIGINALLY SIZED AND CONFIGURED FOR THIS PLANNED EVOLUTION.

ALSO IN THE AREA OF NEW INITIATIVES, THE REQUEST INCLUDES THE SECOND INCREMENT OF FUNDING IN SUPPORT OF THE

OVER-THE-HORIZON RADAR PROGRAM AT AMCHITKA, ALASKA. THIS $64.2 MILLION PROJECT AUGMENTS THE $24.4 MILLION PROJECT APPROVED LAST YEAR AND WILL PROVIDE ADDITIONAL SUPPORT FACILITIES AND SITE PREPARATION NECESSARY FOR A FULLY OPERATIONAL ELECTRONICS FACILITY. WHEN THE PROTOTYPE SYSTEM NOW BEING TESTED AT CHESAPEAKE, VIRGINIA IS RELOCATED TO AMCHITKA, WE WILL HAVE OUR FIRST FACILITY CAPABLE OF PROVIDING ESSENTIAL EARLY WARNING TO PACIFIC FLEET OPERATIONAL UNITS. OUR FISCAL YEAR 1989 PROGRAM ALSO INCLUDES $26.2 MILLION FOR THE INITIAL INCREMENT OF FUNDING FOR OUR SECOND FACILITY AT GUAM/TINIAN.

REPLACEMENT AND MODERNIZATION

THE NAVY AND MARINE CORPS REQUESTS FOR REPLACEMENT AND MODERNIZATION OF EXISTING FACILITIES ARE $286 MILLION IN 1988 AND $349 MILLION IN 1989. THESE AMOUNTS ARE REQUIRED TO HELP ARREST DETERIORATION OF OUR AGING PLANT AND PROVIDE SAFE WORKING AREAS FOR OUR PEOPLE. TWO INITIATIVES IN THIS AREA ARE THE FISCAL YEARS 1988 AND 1989 PROJECTS FOR NEW FACILITIES IN NAPLES, ITALY, AND THE FISCAL YEAR 1988 PROJECT FOR THE WHITE HOUSE SUPPORT COMPLEX AT NAVAL AIR STATION, ANACOSTIA. THE $24.9 MILLION AND $48.5 MILLION NAPLES PROJECTS WILL PROVIDE A SECURE COMMAND, CONTROL COMMUNICATIONS AND INTELLIGENCE (C^3I) COMPLEX AT A SITE NORTH OF NAPLES MADE AVAILABLE BY THE GOVERNMENT OF ITALY (GOI). THIS NEW COMPLEX WILL BE DESIGNED TO ELIMINATE THE POSSIBILITY OF CATASTROPHIC LOSS OF LIFE AND DESTRUCTION OF VITAL U. S. SIXTH FLEET COMMAND AND CONTROL ASSETS DUE TO SEISMIC ACTIVITY. THE $27 MILLION WHITE HOUSE SUPPORT COMPLEX AT ANACOSTIA WILL REPLACE A FORTY YEAR-OLD HANGAR WITH A NEW HANGAR TO PROVIDE FOR THE PROPER IMPLEMENTATION OF THE WHITE HOUSE EMERGENCY PLAN AND SUPPORT OF DEPARTMENT OF DEFENSE CRITICAL MISSIONS.

PERSONNEL READINESS

THIS BIENNIAL BUDGET REQUEST WILL GREATLY INCREASE

PERSONNEL READINESS BY PROVIDING OUR PEOPLE MODERN FACILITIES THAT IMPROVE QUALITY-OF-LIFE AND TRAINING. ADEQUATE QUALITY-OF-LIFE FACILITIES SUCH AS BACHELOR QUARTERS, MORALE, WELFARE AND RECREATION FACILITIES AND RELIGIOUS FACILITIES ARE ESSENTIAL FOR RETENTION AND ENHANCEMENT OF PERSONNEL READINESS. THE NAVY'S REQUEST FOR QUALITY-OF-LIFE PROJECTS IN THE AMOUNT OF $252 MILLION CONSTITUTES A SOUND INVESTMENT THAT WILL BE AMORTIZED QUICKLY BY THE RETENTION OF KEY PERSONNEL. IT INCLUDES THIRTY-FOUR NAVY BACHELOR QUARTERS PROJECTS IN THE AMOUNT OF $218 MILLION TO PROVIDE 9,440 NEW AND MODERNIZED BERTHING SPACES.

WITH THE INCREASED SOPHISTICATION OF OUR WEAPONS SYSTEMS, IT IS BECOMING INCREASINGLY IMPORTANT TO PROVIDE MODERN TRAINING FACILITIES TO CONTINUE TO BRING OUR PERSONNEL TO THE PROPER STATE OF READINESS REQUIRED TO MAN COMPLEX SHIPS AND WEAPONS. TO IMPROVE READINESS TRAINING, WE ARE REQUESTING $206.7 MILLION FOR TRAINING PROJECTS. THESE FUNDS WILL BE UTILIZED LARGELY TO MODERNIZE, EXPAND AND PROVIDE NEW TRAINING FACILITIES OF THE PROPER SIZE AND CONFIGURATION FOR REALISTIC PERSONNEL TRAINING ON EQUIPMENT CORRESPONDING TO NEW SHIPS AND WEAPONS SYSTEMS. THIS REQUEST CONTINUES A PROGRAM INITIATED IN FISCAL YEAR 1984 THAT HAS ALREADY PROVIDED NEW AND MODERNIZED FACILITIES NOW BEING UTILIZED TO TRAIN OUR SAILORS. THESE TRAINING FACILITIES, EQUIPPED WITH MODERN TRAINING DEVICES, HAVE HELPED RAISE THE READINESS OF SHIPS AND AIRCRAFT TO AN ALL-TIME HIGH.

MATERIAL READINESS

MATERIAL READINESS IS IMPROVED THROUGH OUR MILITARY CONSTRUCTION PROGRAM BY THE CONSTRUCTION OF FACILITIES THAT SUPPORT THE REPAIR, MAINTENANCE AND SERVICING OF OUR SHIPS, AIRCRAFT AND EQUIPMENT, ENSURING THEY ARE FULLY COMBAT READY AND MISSION CAPABLE. IN THIS REQUEST WE HAVE $367 MILLION FOR

NEW AND MODERNIZED FACILITIES AT NAVAL ACTIVITIES THROUGHOUT THE WORLD PROVIDING THE PROPER LEVEL OF MAINTENANCE REQUIRED FOR OUR WEAPONS SYSTEMS. TWO OF THE LARGER PROJECTS IN THIS CATEGORY ARE THE MAINTENANCE HANGAR AT THE NAVAL AIR STATION, CUBI POINT, REPUBLIC OF THE PHILIPPINES, AND THE PLATING SHOP AT THE NAVAL AIR REWORK FACILITY, ALAMEDA, CALIFORNIA. THE $12.8 MILLION PHILIPPINES MAINTENANCE HANGAR PROJECT PROVIDES A MODERN FACILITY FOR MAINTENANCE AND REPAIR OF AIRCRAFT IN SUPPORT OF SEVENTH FLEET OPERATIONS. THE $16 MILLION PLATING SHOP PROJECT CONSOLIDATES TWO OBSOLETE AND INADEQUATE SHOPS INTO ONE ENVIRONMENTALLY SAFE AND EFFICIENT FACILITY.

MAJOR WATERFRONT SUPPORT PROJECTS, IN ADDITION TO THOSE WHICH SUPPORT OUR STRATEGIC HOMEPORTING PROGRAM, INCLUDE THE SECOND INCREMENT OF THE AMMUNITION PIER AND TRESTLE AT THE NAVAL WEAPONS STATION, EARLE, NEW JERSEY, WITH RELATED DREDGING AND MAGAZINES; THE $35.5 MILLION REPLACEMENT BERTHING PIER AT THE NAVAL STATION, SAN DIEGO, CALIFORNIA; AND A MAJOR MODIFICATION AND UPDATE OF OUR WATERFRONT FACILITIES AT THE NAVAL WEAPONS STATION, YORKTOWN, VIRGINIA.

FAMILY HOUSING

OUR APPROPRIATION REQUESTS FOR FAMILY HOUSING IN FISCAL YEARS 1988 AND 1989 ARE $799.0 MILLION AND $822.5 MILLION. ABOUT 69 PERCENT OF THESE REQUESTS ARE FOR ANNUAL OPERATION, MAINTENANCE AND DEBT SERVICE REQUIREMENTS FOR OUR FAMILY HOUSING INVENTORY OF OVER 91,000 UNITS. THE REMAINDER IS FOR NEW CONSTRUCTION, IMPROVEMENTS, AND PLANNING AND DESIGN. THESE REQUESTS ARE $90 MILLION AND $113.5 MILLION HIGHER THAN THE $709 MILLION APPROPRIATED IN FY 1987, BUT REPRESENT ONLY MINOR INCREASES FROM THE $793 MILLION FY 1987 REQUEST. PROGRAM INCREASES IN THE CONSTRUCTION ACCOUNTS, WHICH ARE NECESSARY TO PROVIDE AFFORDABLE HOUSING TO OUR PERSONNEL, REPRESENT $78 MILLION OF THE INCREASE IN EACH YEAR. INFLATION IN THE

OPERATION AND MAINTENANCE ACCOUNTS, WHICH HAS BEEN BUDGETED IN ACCORDANCE WITH THE ECONOMIC ASSUMPTIONS UNDERLYING THE ENTIRE FEDERAL BUDGET, AND ADDITIONAL COSTS FOR THE IMPLEMENTATION OF THE SECTION 801 LEASING PROGRAM ACCOUNT FOR THE REMAINDER OF THE INCREASES.

NEW CONSTRUCTION

NEW CONSTRUCTION COMPRISES 25 PERCENT OF OUR TOTAL FY 1988 BUDGET REQUEST AND 23 PERCENT OF OUR 1989 REQUEST. THE $200 MILLION REQUESTED IN FY 1988 WILL FUND THE CONSTRUCTION OF 1,942 NEW UNITS AT SEVEN INSTALLATIONS AND 80 MOBILE HOME SPACES AT FOUR MARINE CORPS BASES AND THE $186 MILLION REQUESTED IN FY 1989 WILL FUND THE CONSTRUCTION OF 2,188 NEW UNITS AT NINE INSTALLATIONS AND 80 MOBILE HOME SPACES AT TWO MARINE CORPS BASES. THE LOCATIONS WHERE WE ARE PROPOSING TO BUILD NEW UNITS RANGE FROM HIGHLY URBANIZED COASTAL METROPOLITAN AREAS SUCH AS CHARLESTON, NEW YORK AND SAN FRANCISCO TO ISOLATED TWENTYNINE PALMS.

ALTHOUGH WE RELY ON THE PRIVATE COMMUNITY AS OUR PRIMARY SOURCE OF HOUSING, THERE ARE MANY LOCATIONS WHERE THE SUPPLY IS INSUFFICIENT OR IT IS UNAFFORDABLE, EVEN WITH THE VARIABLE HOUSING ALLOWANCE. THE ADVERSE EFFECTS ON THE MORALE OF OUR SAILORS BROUGHT ABOUT BY THE LACK OF HOUSING CAUSE RETENTION PROBLEMS WHICH EVENTUALLY LEAD TO A DIMINISHED READINESS POSTURE. ALTERNATIVE MEANS OF SATISFYING THE REQUIREMENT FOR HOUSING HAVE BEEN CAREFULLY EVALUATED FOR EACH LOCATION. WE HAVE FOUND THAT THE PROPOSED CONSTRUCTION PROJECTS OFFER THE BEST SOLUTION.

POST ACQUISITION CONSTRUCTION

WE ARE REQUESTING IN FY 1988 $48.9 MILLION AND IN FY 1989 $63 MILLION TO MAKE CAPITAL IMPROVEMENTS TO OUR INVENTORY. THIS AMOUNT COMPRISES 6 PERCENT OF THE FY 1988 AND 8 PERCENT OF

THE FY 1989 TOTAL BUDGET REQUEST. WE SUPPRESSED OUR BUDGET REQUESTS FOR IMPROVEMENTS IN FY'S 1984 AND 1985 TO ASSURE THAT WE COULD COMPLETE EXECUTION OF PRIOR YEAR PROGRAMS AND TO GIVE US TIME TO FORMULATE CAREFUL PLANS FOR FUTURE IMPROVEMENT PROGRAMS. WE ARE NOW PROCEEDING WELL WITH THE EXECUTION OF OUR PROGRAMS. A LARGE PERCENTAGE OF THE NAVY INVENTORY WAS BUILT 25-40 YEARS AGO. THESE UNITS LACK MANY FEATURES THAT ARE COMMONPLACE IN THE TYPICAL AMERICAN HOME TODAY. THE FY 1988 AND FY 1989 IMPROVEMENT PROGRAMS BUDGET REQUEST CONTINUES OUR CONCERTED EFFORT INITIATED IN FY 1986 TO MODERNIZE OUR FAMILY HOUSING INVENTORY. WE NEED TO PUT INCREASED EMPHASIS ON PROVIDING NAVY AND MARINE CORPS FAMILIES WITH PLACES TO LIVE THAT COMPARE FAVORABLY TO THOSE FOUND IN THE PRIVATE SECTOR. THE PROJECTS INCLUDED IN THE FY 1988 AND 1989 PROGRAMS TYPIFY THAT EMPHASIS. SEVEN IN THE FY 88 PROGRAM AND EIGHTEEN IN THE FY 89 PROGRAM ARE WHOLE HOUSE UPGRADES WHICH WILL CORRECT MANY DEFICIENCIES IN ONE PROJECT, RESULTING IN A TOTALLY MODERNIZED HOUSE. THE OTHERS WILL PROVIDE AMENITIES THAT ARE LACKING IN OTHERWISE SUITABLE UNITS.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE HAS BEEN UNDERFUNDED SINCE 1985. WE SUBMITTED REPROGRAMMING REQUESTS IN FY 1985 AND FY 1986, WHICH WERE APPROVED BY YOUR COMMITTEE, TO PROVIDE FUNDS TO PAY MANAGEMENT AND UTILITY BILLS. IN FY 1987, IT APPEARS AS IF WE WILL AGAIN NEED TO SUBMIT A REPROGRAMMING REQUEST.

THE MANAGEMENT, SERVICES AND UTILITIES ACCOUNTS ARE FIXED LEVELS OF SERVICES WE MUST PROVIDE NAVY AND MARINE CORPS MEMBERS RESIDING IN OUR HOUSES. WITHOUT THESE ESSENTIAL SERVICES THE HOUSES WOULD NEED TO BE VACATED, THUS INCREASING THE DEFICIT OF NAVY FAMILY HOUSING.

WHILE WE CAN DEFER REPLACING REFRIGERATORS AND RANGES PAID FOR FROM THE FURNISHINGS ACCOUNT, WE HAVE SUSTAINED SUCH SEVERE REDUCTIONS IN FY'S 1985, 1986 AND 1987 THAT WE ARE AT THE POINT OF REPAIRING APPLIANCES WHICH ARE BEYOND THEIR ECONOMIC LIFE

CYCLE. WE SIMPLY CAN FIND NO AREAS OF EXPENSE IN THE OPERATIONS ACCOUNT WHICH CAN BE DISCONTINUED. HISTORICALLY, THIS SITUATION HAS CAUSED US TO SEEK REPROGRAMMING ACTION. WHEN WE ARE REQUIRED TO REPROGRAM INTO OPERATIONS, IT INEVITABLY IS OFFSET FROM OUR MAJOR REPAIR PROGRAM. THIS ACTION NOT ONLY RETARDS OUR EFFORTS TO REDUCE THE REPAIR BACKLOG, BUT SIGNIFICANTLY DISRUPTS AND ADDS COSTS TO ONGOING ACTIONS TO EXECUTE THE REPAIR PROJECTS. IN THIS REGARD, WE URGE YOU NOT TO DELETE FUNDS FROM THE PROGRAM.

FLAG AND GENERAL OFFICER QUARTERS

ALSO INCLUDED IN THE BUDGET JUSTIFICATION MATERIALS ARE BUDGET ESTIMATES FOR 42 GENERAL AND FLAG OFFICER QUARTERS IN FY 1988 AND 35 FLAG AND GENERAL OFFICER QUARTERS IN FY 1989 EXPECTED TO COST MORE THAN $25,000. WE WILL NOT SPEND MORE THAN $25,000 TO OPERATE AND MAINTAIN ANY UNITS WITHOUT FIRST NOTIFYING YOU.

LEASING

WE ARE PROPOSING A DOMESTIC LEASING PROGRAM WHICH IS AN IMPORTANT PIECE OF OUR OVERALL ACQUISITION STRATEGY IN MEETING OUR IMMEDIATE NEEDS UNTIL LONG-TERM ACQUISITIONS COME ON LINE. THE FISCAL YEAR 1988 DOMESTIC PROGRAM ALSO REFLECTS THE FIRST YEAR IN WHICH UNITS OBTAINED UNDER SECTION 801 AUTHORITY WILL BE SUBSTANTIALLY OCCUPIED. WE HAVE AWARDED SECTION 801 PROJECTS AT FOUR LOCATIONS AND INTEND TO ISSUE A REQUEST FOR PROPOSALS FOR STATEN ISLAND THIS SPRING. OUR FOREIGN LEASING REQUEST REFLECTS CONTINUED DECLINE IN THE VALUE TO THE U. S. DOLLAR OVERSEAS. THE SCOPE OF THE FOREIGN PROGRAM REMAINS RELATIVELY STABLE.

SUMMARY CONCLUSION

THE FISCAL YEAR 1988/1989 PROGRAM IS ONE THAT PLACES HIGH PRIORITY ON READINESS AND SUSTAINABILITY OF OUR NAVAL FORCES AND ENSURES TIMELY RESPONSE TO THE NEEDS OF NEW WEAPONS SYSTEMS

NOW BEING INTRODUCED INTO THE FLEET. EACH PROJECT IN THIS BUDGET REQUEST HAS SURVIVED THE CLOSEST SCRUTINY OF ITS COST OF OWNERSHIP AND ITS CONTRIBUTION TO THE MISSIONS OF THE NAVY. WE URGE YOUR FAVORABLE CONSIDERATION OF THIS MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST AND SOLICIT YOUR SUPPORT IN REVERSING THE TREND OF LARGE REDUCTIONS TO THE MILITARY CONSTRUCTION APPROPRIATIONS. I WELCOME ANY QUESTIONS THAT YOU MIGHT HAVE.

REAR ADMIRAL JOHN PAUL JONES, JR.
CIVIL ENGINEER CORPS, U. S. NAVY

Rear Admiral John Paul Jones, Jr., CEC, USN, assumed duty as Commander, Naval Facilities Engineering Command, and Chief of Civil Engineers during ceremonies on August 31, 1984. He moved into his new assignment from duty as the Vice Commander, Naval Facilities Engineering Command, and Deputy Chief of Civil Engineers.

Rear Admiral Jones graduated from the U. S. Naval Academy and was commissioned an Ensign, U. S. Navy, in 1954. His first Navy duty was as a line officer aboard the USS Calvert (APA 32). Rear Admiral Jones attended Rensselaer Polytechnic Institute where he received a Bachelor of Science degree in civil engineering and transferred to the Civil Engineer Corps in August 1957.

The Public Works Center, Guantanamo Bay, Cuba, was Rear Admiral Jones' first duty as a Civil Engineer Corps officer. He spent two years on the island before returning to the U. S. For the next four years, he served in the south Texas area, first as Public Works Officer, Naval Auxiliary Air Station, Port Isabel, and then on the staff of Commander, Naval Air Advance Training Command, Corpus Christi.

In June 1963, Rear Admiral Jones moved to his first Seabee assignment. For the next two years, he was Operations Officer and then Executive Officer, Naval Mobile Construction Battalion Four. In 1964, he became Officer in Charge of the Presidential retreat at Camp David, Thurmont, MD.

Duty as Commanding Officer, Naval Mobile Construction Battalion Sixty-Two, Gulfport, MS, and as head of the Facilities Acquisition Department, Southern Division, Naval Facilities Engineering Command, in Charleston, SC, followed. From there, he moved to duty as the Assistant Commander for Construction, Naval Facilities Engineering Command headquarters, Alexandria, VA, and then to Commander, Naval Construction Battalions, U. S. Atlantic Fleet, Norfolk, VA.

Rear Admiral Jones was Commanding Officer, Western Division, Naval Facilities Engineering Command, San Bruno, CA, when the President approved his selection to the rank of Rear Admiral. From the Western Division, he moved to duty as Vice Commander and Deputy Chief at Naval Facilities Engineering Command headquarters in July 1981.

Rear Admiral Jones' awards include the Legion of Merit with Combat "V" and Gold Star in lieu of a second award, the Bronze Star Medal with Combat "V," and the Meritorious Service Medal with Gold Star.

Rear Admiral Jones holds a Master of Science in Civil Engineering from Stanford University and attended the U. S. Naval War College in Newport, RI. He is a member of The Society of American Military Engineers, the Naval Institute, and the American Society of Civil Engineers. He is a registered professional engineer in the Commonwealth of Virginia.

He is married to the former Wynelle (Winkie) Fender of Brunswick, GA. They have three children: John Paul, III; Julie, and Karen.

MARINE CORPS

QUALITY OF LIFE PROJECTS

Senator SASSER. General Hoar.

General HOAR. Good morning, Mr. Chairman. I appreciate the opportunity to be here and address you this morning. I too have a prepared statement and with your permission will include it in the record.

If I may, I would make just a couple of comments relative to the Marine Corps. When we speak of the Navy Department, as you know, the Commandant is his own resource sponsor, and has already made the commitment that you suggest in the form of allocating 3 percent of his total TOA to military construction in the 1989 budget. We are, in fact, looking to make up that deficit that we have been struggling with for some years. Specifically, 39 percent of our total military construction budget is allocated toward quality-of-life projects.

We have done this largely at the expense of our procurement, Marine Corps, dollars.

I have nothing further to offer, but that may give you some additional insight as to our institutional view of this problem.

[The statement follows:]

STATEMENT OF

BRIGADIER GENERAL J. P. HOAR

UNITED STATES MARINE CORPS

DIRECTOR, FACILITIES AND SERVICES DIVISION

OFFICE OF THE DEPUTY CHIEF OF STAFF

(INSTALLATIONS AND LOGISTICS)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM BRIGADIER GENERAL JOSEPH P. HOAR, DIRECTOR, FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT, HEADQUARTERS MARINE CORPS. I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU THIS YEAR TO PRESENT THE MARINE CORPS' MILITARY CONSTRUCTION PROGRAM FOR FISCAL YEARS 1988 AND 1989. THE FISCAL YEAR 1988 AND 1989 PROGRAMS SUSTAIN EFFORTS STARTED IN PRIOR YEARS TO IMPROVE THE OPERATIONAL READINESS OF THE MARINE CORPS, WHILE AT THE SAME TIME PROVIDING THOSE QUALITY-OF-LIFE IMPROVEMENTS NECESSARY TO ATTRACT AND RETAIN DEDICATED MEN AND WOMEN IN THE MARINE CORPS. WITH YOUR SUPPORT, WE HAVE MADE SIGNIFICANT PROGRESS TOWARD THAT END.

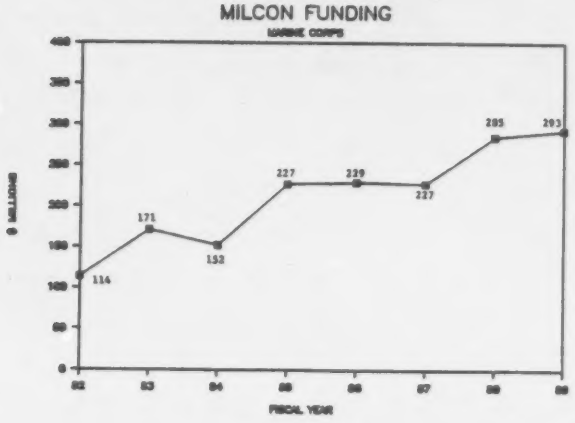
WE APPRECIATE YOUR PAST SUPPORT OF OUR MILITARY CONSTRUCTION PROGRAM. THIS SUPPORT HAS ALLOWED THE MARINE CORPS TO ACQUIRE MUCH NEEDED HOUSING, DINING, TRAINING, AND MAINTENANCE FACILITIES. THESE MODERN FACILITIES HAVE IMPROVED OUR ABILITY TO ACCOMPLISH OUR MISSION AS WELL AS IMPROVE THE QUALITY OF LIFE ENJOYED BY OUR MARINES AND THEIR DEPENDENTS.

WE HAVE MADE A CONCERTED EFFORT TO INVEST OUR RESOURCES IN A MULTIFACETED MODERNIZATION PROCESS. THE ACQUISITION OF NEW FACILITIES IS ONE PHASE OF THIS ONGOING TRANSITION. AS WE MODERNIZE OUR COMBINED-ARMS FORCES, WE ARE MAKING A PARALLEL COMMITMENT TO IMPROVE OUR EXISTING FACILITIES.

RECOGNIZING THE IMPORTANCE OF THIS SUPPORTING PROGRAM, OUR PERCENTAGE OF FUNDS ALLOCATED TO MILITARY CONSTRUCTION CONTINUES TO GROW. THIS COMMITMENT IS REFLECTED ON CHART 1 WHICH SHOWS THAT

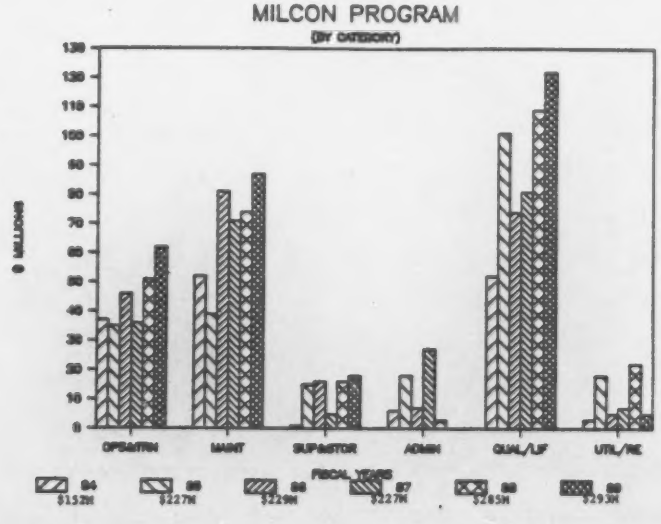
SINCE 1982, WHEN WE BECAME OUR OWN RESOURCE SPONSOR, OUR MILITARY CONSTRUCTION PROGRAM HAS GROWN FROM $114 MILLION TO $227.8 MILLION IN 1987. NOTWITHSTANDING OUR COMMITMENT TO THE ACQUISITION OF NEW FACILITIES, THE AVERAGE AGE OF OUR BUILDINGS IS 32 YEARS. MANY OF OUR MARINES CONTINUE TO LIVE IN OPEN SQUAD-BAY BARRACKS AND WORK IN INADEQUATE MAINTENANCE AND OPERATIONAL FACILITIES.

CHART 1



THE GROWTH IN THE MARINE CORPS CONSTRUCTION PROGRAM OVER THE PAST 4 YEARS HAS BEEN APPLIED AGAINST NEEDED FACILITY IMPROVEMENTS IN OPERATIONS AND TRAINING, MAINTENANCE, SUPPLY AND STORAGE, ADMINISTRATION, QUALITY OF LIFE, AND UTILITY SYSTEM UPGRADES AS SHOWN ON CHART 2.

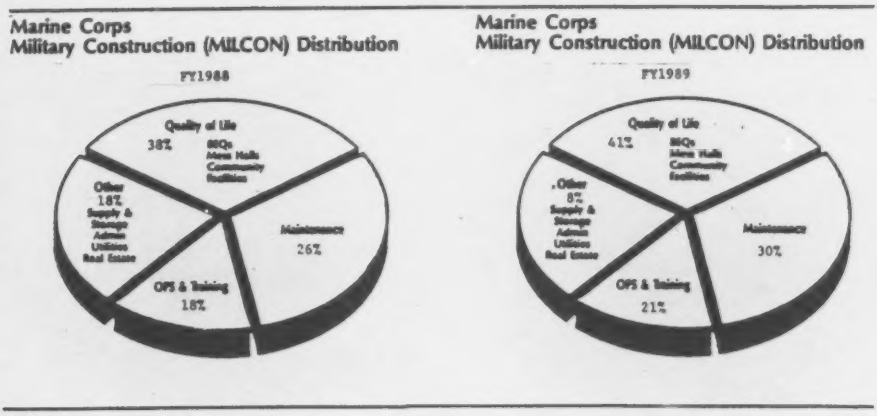
CHART 2



THIS YEAR'S MILITARY CONSTRUCTION REQUESTS CONTINUE AN UPWARD TREND. THE MARINE CORPS' APPROPRIATION REQUEST FOR FISCAL YEAR 1988 IS $284.6 MILLION AND $293.3 MILLION FOR FISCAL YEAR 1989; AN INCREASE OF $56.8 MILLION AND $65.5 MILLION RESPECTIVELY, OVER FISCAL YEAR 1987.

THIS INCREASE IS NECESSARY TO SUPPORT THE PROCUREMENT OF NEW WEAPONS SYSTEMS AND EQUIPMENT BEGUN IN THE EARLY 80'S, TO PROPERLY HOUSE OUR ENLISTED MARINES, AND TO REPLACE THOSE AGING FACILITIES WHICH ARE BEYOND PRUDENT ECONOMIC REPAIR. WE ARE PROPOSING A BALANCED PROGRAM, CONSISTENT WITH OUR PAST MANAGEMENT STRATEGY, IN RESPONSE TO THE MARINE CORPS' MOST URGENT NEEDS, AS REFLECTED ON CHART 3.

CHART 3

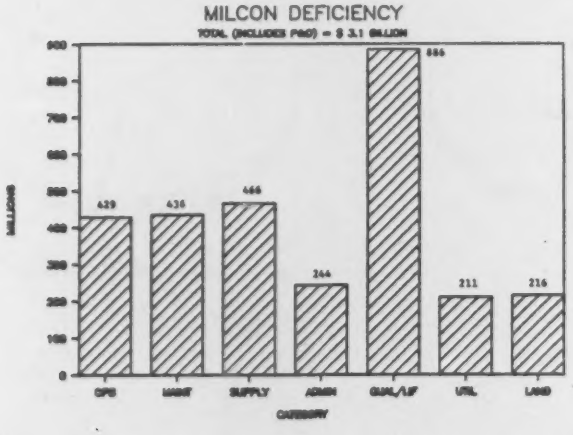


OUR FISCAL YEAR 1988 AND 1989 REQUESTS CONTINUE TO PLACE A HIGH PRIORITY ON QUALITY-OF-LIFE PROJECTS. WHILE THE MARINE CORPS HAS DEDICATED 37 PERCENT OF ITS MILITARY CONSTRUCTION BUDGET ($467 MILLION) IN FISCAL YEARS 1980 TO 1987 TOWARD THE CONSTRUCTION OF 30,518 LIVING SPACES, WE STILL HAVE A LONG WAY TO GO. WE WILL STILL HAVE A DEFICIT OF 36,957 ENLISTED SPACES AFTER WE FINISH OUR

FISCAL YEAR 1988 AND 1989 PROGRAMS. THIS REPRESENTS APPROXIMATELY ONE-THIRD OF THE MARINE CORPS' BACHELOR ENLISTED HOUSING REQUIREMENT. OUR FISCAL YEAR 1988 REQUEST INCLUDES $107.8 MILLION FOR PROJECTS AT 7 MARINE CORPS ACTIVITIES PROVIDING MODERN LIVING SPACES FOR 4,030 ENLISTED MARINES, AS WELL AS A MESSHALL MODERNIZATION. IN FISCAL YEAR 1989, $100.5 MILLION IS REQUESTED FOR 4,668 LIVING SPACES. ALSO INCLUDED IN OUR FISCAL YEAR 1989 REQUEST IS $21.2 MILLION FOR EIGHT CHILD CARE CENTERS, TWO PHYSICAL FITNESS CENTER ADDITIONS, A MESSHALL, AND A MULTI-PURPOSE FACILITY. THESE PROJECTS ARE AN INDISPENSABLE INVESTMENT IN THE FUTURE. THEY REPRESENT A TANGIBLE WAY TO EXPRESS OUR GRATITUDE TO THE YOUNG MARINES AND THEIR FAMILIES WHO SERVE THEIR COUNTRY, OFTEN AT GREAT PERSONAL COST.

THIS PROPOSED PROGRAM WILL ALSO ACCOMMODATE OUR MOST URGENT OPERATIONAL REQUIREMENTS AND WILL HELP US CONTINUE TO IMPROVE BOTH PERSONNEL AND MATERIEL READINESS, AS WELL AS HELP REDUCE OUR $3.1 BILLION FACILITIES BACKLOG, REFLECTED ON CHART 4.

CHART 4



THE INTRODUCTION OF NEW WEAPONS SYSTEMS REQUIRES SUPPORT FACILITIES TO EFFICIENTLY MAINTAIN AND CONSERVE THESE ASSETS. OUR FISCAL YEAR 1988 AND 1989 REQUESTS CONTINUE TO PROVIDE THIS SUPPORT. OUR FISCAL YEAR 1988 REQUEST INCLUDES $73.6 MILLION FOR MAINTENANCE FACILITIES WHICH COMPRISES THE SECOND LARGEST PORTION OF OUR CONSTRUCTION PROGRAM. THIS REPRESENTS 12 PROJECTS AT 7 MARINE CORPS

ACTIVITIES. OUR FISCAL YEAR 1989 REQUEST INCLUDES 26 PROJECTS TOTALING $86.9 MILLION.

THE AVIATION READINESS PROJECTS FOR FISCAL YEARS 1988 AND 1989 INCLUDE: NEW MAINTENANCE HANGARS; HANGAR ADDITIONS; AND IMPROVEMENTS IN SUPPORT OF CH-53, AV-8B, AND F/A-18 AIRCRAFT; A CORROSION CONTROL HANGAR; AN AVIATION ARMAMENT SHOP; AN ENGINE TEST CELL; A POWER CHECK PAD IN SUPPORT OF F/A-18 AIRCRAFT; AND A REFUELING VEHICLE MAINTENANCE SHOP.

MAINTENANCE FACILITIES ARE ALSO REQUESTED TO SUPPORT UNITS AT OUR MAJOR GROUND BASES. IN FISCAL YEARS 1988 AND 1989, THESE SUPPORT FACILITIES INCLUDE 6 DEPOT-LEVEL MAINTENANCE AND TEST FACILITIES, 4 ELECTRONIC COMMUNICATIONS MAINTENANCE FACILITIES, 10 COMBAT VEHICLE MAINTENANCE SHOPS, AND 2 REMOTELY PILOTED VEHICLE (RPV) MAINTENANCE BUILDINGS.

OUR FISCAL YEAR 1988 AND 1989 REQUESTS EMPHASIZE IMPROVING THE WORKING AND TRAINING CONDITIONS FOR OUR MARINES. WE ARE REQUESTING $112.8 MILLION FOR THE CONSTRUCTION OF OPERATIONAL AND TRAINING PROJECTS AT 14 MARINE CORPS ACTIVITIES. THESE PROJECTS, ESSENTIAL TO OUR READINESS, WILL PROVIDE FACILITIES SUCH AS: AN AIRCRAFT CONTROL TOWER, FLIGHT SIMULATOR FACILITIES, TACTICAL SUPPORT VAN PADS, TRAINING RANGE IMPROVEMENTS, AIRCRAFT ORDNANCE FACILITIES, CRASH AND RESCUE FACILITIES, AND RUNWAY IMPROVEMENTS.

ALSO INCLUDED IS A REQUEST FOR $34.5 MILLION WHICH WILL PROVIDE: AVIATION SUPPLY WAREHOUSES, A HAZARDOUS FLAMMABLE STOREHOUSE, A COMMUNICATIONS SUPPORT WAREHOUSE, A HIGH EXPLOSIVE MAGAZINE, AND AN AMMUNITION SEGREGATION HOLDING FACILITY. THESE PROJECTS WILL ENSURE THAT THE MATERIEL PROVIDED THE MARINE CORPS IS PROPERLY STORED, MAINTAINED, AND AVAILABLE WHEN NEEDED.

IN ADDITION, $37.1 MILLION IS REQUESTED FOR: FLIGHT LINE SECURITY IMPROVEMENTS, ROAD IMPROVEMENTS, ELECTRICAL UPGRADE AND DISTRIBUTION SYSTEM IMPROVEMENTS, WATER SOURCE DEVELOPMENT, RAILWAY SPUR IMPROVEMENTS, AND DEPOT FIRE PROTECTION IMPROVEMENTS.

YOU WILL NOTE THAT OUR FISCAL YEAR 1988 AND 1989 REQUESTS INCLUDE ONLY ONE ADMINISTRATIVE FACILITY. THIS IS A REFLECTION OF PAST CONGRESSIONAL DIRECTION, BUDGETARY CONSTRAINTS, AND OUR OWN COMMITMENT TO PROGRAM ONLY THOSE PROJECTS FOR WHICH THERE ARE NO OTHER PRACTICAL ALTERNATIVES. WE HAVE UTILIZED THIS AUSTERE APPROACH IN THE FORMULATION OF OUR ENTIRE PROGRAM.

SUMMARY

MR. CHAIRMAN, IN SUMMARY, I WISH TO EMPHASIZE THAT ADEQUATE FACILITIES ARE AN INTEGRAL ELEMENT OF OUR MODERNIZATION PROCESS. OUR PROGRAM IS THE RESULT OF A CAREFUL, WELL-REASONED, AND THOROUGH DECISION PROCESS BASED ON OUR BEST JUDGMENT AND OPERATIONAL EXPERIENCE. OUR REQUESTS PROVIDE BALANCED PROGRAMS THAT REFLECT THE MOST URGENT NEEDS OF THE MARINE CORPS. THEY PLACE HIGH PRIORITY ON READINESS AND SUSTAINABILITY OF OUR FORCES, ENSURE TIMELY SUPPORT FOR FIELDING NEW WEAPONS SYSTEMS, AND CONTINUE OUR COMMITMENT TO IMPROVE THE QUALITY OF LIFE OF OUR MARINES. WE BELIEVE AN ADEQUATE WORKING AND LIVING ENVIRONMENT IS ESSENTIAL FOR THE HIGH MORALE, PRODUCTIVITY, AND EFFECTIVENESS OF THE MARINE CORPS.

THE APPROVAL OF THESE REQUESTS WILL CONTINUE THE COOPERATIVE EFFORT OF THE CONGRESS AND THE MARINE CORPS TO ENHANCE OUR ABILITY TO EFFECTIVELY SERVE OUR NATION BY IMPROVING OUR OPERATIONAL READINESS AND WARFIGHTING CAPABILITY. WE URGE YOUR FAVORABLE CONSIDERATION OF OUR FISCAL YEAR 1988 AND 1989 MILITARY CONSTRUCTION REQUESTS.

PERMIT ME TO EMPHASIZE AGAIN OUR APPRECIATION FOR THIS COMMITTEE'S CONTINUED SUPPORT.

SIR, THIS CONCLUDES MY STATEMENT. I WELCOME ANY QUESTIONS THAT YOU MIGHT HAVE.

UNITED STATES MARINE CORPS
DIVISION OF PUBLIC AFFAIRS • HEADQUARTERS MARINE CORPS
WASHINGTON, D.C. 20380 • TELEPHONE (202) 694-4309

BRIGADIER GENERAL JOSEPH P. HOAR, USMC

Brigadier General Joseph P. Hoar is the Director, Facilities and Services Division, Installations and Logistics Department, Headquarters Marine Corps, Washington, D.C.

General Hoar was born on Dec. 30, 1934 in Boston, Massachusetts. He was commissioned a second lieutenant in the Marine Corps in 1957, after graduation from Tufts University, in Medford, Mass. After completing The Basic School, Quantico, Va., his first assignment was as a rifle platoon commander in the 5th Marines. He served subsequently in the 1st Battalion, 1st Marines at Camp Pendleton, Calif., and on Okinawa as a battalion staff officer.

His first non-FMF assignment was at Marine Barracks, Yorktown, Virginia. Barracks assignments included platoon commander and guard company commander. After a short tour at Marine Corps Base, Camp Lejeune, N.C., as Assistant G-1, he reported to the 2d Marine Division. He commanded Company M, 3d Battalion, 2d Marines and served as the Battalion Operations Officer while a member of that command. From 1966-67, he was battalion and brigade advisor with the Vietnamese Marines.

After Vietnam, he reported to Headquarters Marine Corps, Washington, D.C. During his three-year tour at Headquarters, he served in the G-3 Division and as Special Assistant to the Assistant Commandant of the Marine Corps.

In 1971, he returned overseas where he was Executive Officer of the 1st Battalion, 9th Marines. During the period 1972 to 1976, General Hoar was assigned as an instructor at the Marine Corps Command and Staff College; then returned to Headquarters Marine Corps for duty in the Personnel Management Division.

General Hoar returned to the 1st Marine Division and commanded the 3d Battalion, 1st Marines until July 1978. Relinquishing command of the battalion, he was reassigned to the Division Staff as the Assistant G-1. Subsequently, he became the Division Assistant Chief of Staff, G-1 and during this time was promoted to colonel. In 1979, General Hoar once again returned to the 1st Marines. He commanded the Regiment until April 1981.

He assumed command of the 31st MAU in Freemantle, Australia, on June 1, 1981. In the following year the MAU participated in three Indian Ocean deployments and nine amphibious exercises.

Upon returning to the United States, General Hoar was assigned to the Marine Corps Recruit Depot, San Diego, Calif., as the Assisant Chief of Staff, G-1. While serving in this capacity, he was selected in February 1984 for promotion to brigadier general. He was advanced to that rank on April 13, 1984 and assigned duty as the Assistant Division Commander, 2d Marine Division, FMF, Atlantic, Camp Lejeune, N.C., on April 30, 1984. He served in this capacity until assuming his current assignment on June 3, 1985.

General Hoar has a master's degree from George Washington University, and has graduated from the Marine Corps Command and Staff College and the National War College.

His personal decorations include the Bronze Star Medal with Combat "V" with gold star, and the Meritorious Service Medal with gold star.

(Revised June 7, 1985 HQMC)

PREPARED STATEMENT OF ADM. FRANCIS NEALE SMITH

Senator SASSER. Thank you General Hoar. Who is next? Admiral Smith, do you have a statement at this time?

Admiral SMITH. No, sir; I would like to defer to the statement that has been prepared and submit it to the committee with your permission.

[The statement follows:]

PREPARED STATEMENT

REAR ADMIRAL FRANCIS NEALE SMITH, U. S. NAVAL RESERVE

DEPUTY DIRECTOR NAVAL RESERVE

Mr. Chairman and Members of the Committee:

I thank you for the opportunity to appear before this committee to present the Fiscal Year 1988 and 1989 Military Construction, Naval Reserve budget request which will fund Naval Reserve, Marine Corps Reserve, and joint Naval and Marine Corps Reserve construction requirements.

The Naval and Marine Corps Reserve continue to grow in terms of end strength, equipment and their role in the Total Force. The Naval Reserve achieved an end strength of 123,113 drilling Reservists in Fiscal Year 1986, a growth of 8,100 over the prior year. During Fiscal Year 1987, we are projecting a further increase to 128,010; and by the end of Fiscal Year 1989, we anticipate attaining 138,035 drilling Naval Reservists. By then, the Naval Reserve will have grown by 20 percent over a four-year period. Most of the additional personnel will man state-of-the-art ships and aircraft, and provide personnel for medical support, inshore undersea warfare, and maritime prepositioned ship offload.

The Marine Corps Reserve has also shown significant growth. The Selected Marine Corps Reserve is organized into the 4th Marine Division, the 4th Marine Aircraft Wing and the 4th Force Service Support Group. These Reserve Commands comprise one-quarter of the Marine Corps Force structure and make significant contributions to the combat power of the Corps, i.e., 100 percent of Civil Affairs capability, 50 percent of air-naval gunfire liaison capability, 50 percent of force reconnaissance capability, 40 percent of tanks and 33 percent of heavy artillery. The end strength of the Selected Marine Corps Reserve was 41,582 for Fiscal Year 1986 and is projected to 44,500 for Fiscal Year 1989.

With the increased number of Reservists, the acquisition of new equipment, and the expansion of the Naval and Marine Corps Reserve requirements, increasing demands are being placed on existing facilities, while new facility needs are being generated. This pattern dictates a substantial and continuing investment in facilities to ensure that we can achieve our mission to provide, upon mobilization, "trained vice trainable" Selected Reservists. Moreover, unlike the regular Navy, which can concentrate its people, facilities and training activities at major homeports, the Naval Surface Reserve must recruit and train its people at 236 Naval Reserve Centers across the nation.

As we have pointed out to Congress in previous years, most of our facilities were constructed in the 1940s and early 50s. Four of our six Naval Air Stations (NAS) were designed and constructed for World War II. Over 80 Surface Reserve centers are wooden frame or pre-engineered structures dating from the 1940s. Many are Quonset hut or semi-permanent construction and do not permit the installation of modern, sophisticated training equipment. These old facilities consume valuable O&MNR and O&MMCR resources on maintenance, breakdown repair, and excessive utility consumption. Currently, 82 of the 236 Reserve centers and facilities, or 35 percent, are considered inadequate due to condition and need replacement or alteration. Substandard facilities make training difficult, inhibit retention, impair mobilization readiness and adversely affect the pride and performance of Reserve units. We must remember that Reservists are volunteers; they do not depend on the Navy for their livelihood, and most can leave the Selected Reserve at any time.

Facility improvement has not kept pace as the Navy has modernized its Reserve. The cornerstone of this modernization effort is the policy of "horizontal integration", which assigns to the Reserve the same range of new and old equipment in use by the active force. The net result is the strengthening of the total Navy warfighting capability. Reserve units are integrated

into fleet operations, tactical training, and war planning. As evidence, a detachment from the Navy's only combat Search and Rescue (SAR) Helicopter squadron, manned solely by Naval Reservists, was at sea in the Gulf of Sidra during the Libyan action last spring.

This integration process has continued in all facets of the Naval Reserve. In the Surface Reserve, by the end of FY 1988, the Naval Reserve will man eight Knox class frigates and 16 Oliver Hazard Perry class guided missile frigates, an increase of nine ships in just two years.

The 13 squadrons in the two Naval Reserve maritime patrol wings routinely augment active force squadrons four to five weeks at a time while performing their annual active duty for training. In recent years, these squadrons have deployed to the Western Pacific and Eastern Atlantic to provide operating fleet support and gain realistic training by tracking deployed Soviet submarines. They have also provided extensive drug interdiction services.

During FY 1986, the 4th Marine Aircraft Wing supported the Active component in exercises Team Spirit (Korea), Northern Wedding/Bold Guard (North Atlantic) Display Determination (Mediterranean), and Anchor Express (Norway) and provided approximately 700 hours of aerial refueling support for the Active component aircraft wings and 2nd Fleet exercises in the Caribbean. In addition, they provided logistic air support for the National Science Foundation in Antartica.

The readiness status of ships and aircraft assigned to the Naval Reserve is comparable with similar active force units. The steps we have taken to improve manning and to enhance training are showing positive results. To sustain the momentum we have achieved in readiness, we are making every effort to squeeze maximum use out of existing facilities.

While the acquisition of up-to-date hardware and facilities are key factors in the readiness equation, the effectiveness of

training is also a significant factor. Training Reservists in landlocked areas of the country presents a particular challenge, especially in the case of surface sailors. A major new Naval Reserve initiative is addressing this concern while, at the same time, revitalizing the overall training capability of our Surface Reserve Force. This initiative is the Surface Program to Upgrade Readiness, or SPUR. The SPUR encompasses five "points" - Mobilization, Experience, Organization, Resources and Training and is designed to move the Surface Reserve Force into the 1990s with the highest possible readiness.

Under the SPUR's training point, for example, a network of "beefed up" Reserve Centers, known as Readiness Centers, will make fleet-oriented training substantially available for Reservists who cannot drill regularly at their gaining commands. Establishing Readiness Centers is the key to accommodating the growth of the Surface Reserve without constructing numerous additional buildings.

In FY 1979 the Naval Reserve drilling population was 87,000 and by FY 1989 is projected to be 138,035; a 59 percent increase in a ten year period. During that same period the Naval and Marine Corps Reserve construction backlog has increased by more than 300 percent. The existing construction backlog of $814 million equates to 30 percent of the Current Plant Value (CPV) of Naval and Marine Corps Reserve facilities, a total of almost $2.5 billion. This growth in personnel and construction backlog occurred despite a reduction in the number of Reserve facilities from over 400 in FY 1972 to 236 in FY 1987.

The Military Construction, Naval Reserve (MCNR) program addresses many of the pressing facilities issues resulting from this sustained growth in personnel and construction backlog.

The FY 1988 MCNR budget request totals $73.7 million and includes a $20.0 million increase over the general MCNR budget trend because of two projects which support a new mission requirement for a Marine Reserve aerial refueling squadron. The

remaining projects form the foundation of the FY 1988 budget request and will correct existing facility deficiencies and attack the sizeable backlog of construction projects which support existing mission requirements. All of the projects contained in the FY 1989 budget request for $56.9 million will support existing mission and will expand, modernize and replace some of the inadequate or deteriorated buildings in the facilities inventory. This systematic correction of deficiencies promotes positive progress toward our long term goal of reducing the construction backlog.

The Military Construction, Naval Reserve program is comprised of three parts: Major construction projects, including specific minor construction projects under $400,000 each; Unspecified minor construction projects costing less than $400,000 each; and funds for planning and design.

The Naval and Marine Corps Air Reserve portion of our FY 1988 and FY 1989 program includes major projects for aircraft maintenance hangars at Naval Air Station Atlanta, Georgia, Naval Air Facility Detroit, Michigan, and Naval Air Station Memphis, Tennessee and Stewart International Airport, Newburgh, New York. These projects will provide new hangar facilities to allow the efficient maintenance and repair of assigned aircraft in a safe and controlled environment. Other major projects at Naval Air Reserve installations will provide facilities to support maintenance of aircraft engines, airframes and ground support equipment which are vital to readiness and aircraft operations. Administrative and training functions will be enhanced by projects supporting air operations, administrative, and training facilities for Naval and Marine Corps Air Reserve personnel.

On the Naval Surface Reserve side, almost 50 percent of the projects will involve construction of new Reserve training buildings which will replace some of the semi-permanent (Quonset hut) construction and other old structures. Other projects will modernize, upgrade or expand existing facilities or utility

systems to support existing training and administrative functions as well as new requirements resulting from personnel increases.

To make the best possible use of the limited resources available, existing facilities are expanded and modernized to the maximum extent possible to meet new requirements. We consider new construction only when this is not feasible because of the nature of the new requirement or the uneconomic nature of the renovation. When new construction is required, we consolidate with other Reserve or active facilities whenever practical.

The objective of our Military Construction program, in concert with our Facilities Maintenance and Repair Program, is to provide a balanced program which obtains optimum returns, or service life, on capital investments and which is also responsive to expanded missions or new requirements. All proposed projects will provide for improved training, operational, maintenance or personnel support facilities and will contribute substantially to the improved readiness of Naval and Marine Corps Reservists.

In the years ahead, as the Reserve Components of the Department of the Navy absorb additional responsibilities, their major challenge will be to recruit, train, and retain the numbers and types of Selected Reservists necessary to fulfill their expanding role. Modern facilities, advanced equipment, meaningful training and thorough integration will greatly enhance our ability to successfully meet these challenges. The product of our success will be a Ready Force for the Total Force.

We appreciate the support of this committee and earnestly seek your approval of the projects which comprise this biennial budget submission.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions and to provide additional information.

REAR ADMIRAL FRANCIS NEALE SMITH, U. S. NAVAL RESERVE

Rear Admiral Francis Neale Smith is a native of Baltimore, Maryland, where he graduated from Loyola College in 1952. He received his commission from Officer's Candidate School and was Engineering Officer aboard the Destroyer-Minesweeper USS GHERARDI (DMS-30) in the Atlantic and Mediterranean. On inactive Naval Reserve duty, he served in Maryland and Indiana, and commanded Naval Surface Reserve Units in Ohio, Pennsylvania and Delaware. He has also been Naval Military Support Plans Officer with the Pennsylvania National Guard; Inspector General for Naval Reserve Readiness Command, Region FOUR, Philadelphia, Pennsylvania; and Commander, Naval Reserve Readiness Command, Region TEN, New Orleans, Louisiana. Prior to his return to active naval service, his mobilization assignment was Deputy Commander, Service Group, TWO, U.S. Atlantic Fleet.

Rear Admiral Smith was recalled to active duty in November 1984, as Deputy Director of Naval Reserve in Washington, D. C. At the time of recall, he was with EXXON in Houston, Texas.

Admiral Smith's wife, Ginny, is a native of Burlingame, California, and a former Navy Nurse. They have two sons who are in the Navy; one is a Petty Officer, the other, a graduate of the U. S. Naval Academy. Their older daughter is a graduate of Texas A&M and the younger daughter attends George Mason University in Virginia.

RELOCATION OF NAPLES NAVAL BASE

Senator SASSER. Admiral Loftus, do you wish to make a statement at this time?

Admiral LOFTUS. Mr. Chairman, I think it would be better, with your permission, to wait until we went to closed session.

Senator SASSER. All right, gentlemen. I have some questions here this morning. Not surprisingly, they deal with this whole problem of Naples. The most signficant single issue I think for the subcommittee this year is a request to initiate the relocation of the Navy's base at Naples to Capua.

As you know, this request is very controversial for a number of reasons.

First, the subcommittee, as I indicated earlier, seeks a reduction, not an expansion, of military construction activities overseas.

Second, when overseas construction is to be undertaken, it is my view that we want to see that our allies fund the projects to the maximum extent possible.

Third, we have received information from certain Italian interests that would indicate the relocation program is too expensive, and that upgrades could be accomplished at the current site for less investment.

I think that it is imperative that we give the Navy every opportunity to respond to the issues which are being raised. I want to give you an opportunity, gentlemen, now in open session, and at the conclusion of the hearing, if we go into closed session to take classified testimony on this whole matter.

At this point, I will include in the record a copy of portions of the Navy's report to the Congress dated January 1987 and a copy of the General Accounting Office's report on the issue.

[The information follows:]

AIRCRAFT BASING

Decision to Base Navy TACAMO Aircraft at Tinker Air Force Base, Oklahoma

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-226357

April 3, 1987

The Honorable Dale Bumpers
The Honorable David Pryor
The Honorable James Sasser
United States Senate

On October 8, 1986, you requested that we review the Navy's decision to base its new E-6A TACAMO (Take Charge and Move Out) aircraft at Tinker Air Force Base, Oklahoma. You asked that our review cover the factors considered by the Navy in deciding to base these aircraft at Tinker, including expected costs.

This fact sheet summarizes information provided to your offices on January 30, 1987 (see app. I).

BACKGROUND

TACAMO aircraft provide emergency communications with ballistic missile firing submarines. At least one aircraft operates over the Atlantic Ocean and another over the Pacific Ocean at all times. Currently, 18 EC-130 TACAMO aircraft are assigned to two squadrons. The Atlantic squadron is based at Patuxent River, Maryland, and the Pacific squadron is based at Barbers Point, Hawaii.

The E-6A is presently in development and will replace the EC-130. A prototype was delivered in December 1986. Fourteen operational E-6As are to be delivered in 1989 and 1990. The E-6A is a derivative of the Boeing 707-320 commercial aircraft and will use a version of the commercial CFM-56 jet engine. Most of the EC-130 avionics equipment will be removed, refurbished, and installed aboard the E-6As. In the mid-1990s, this equipment will be upgraded or replaced.

EVENTS LEADING TO THE E-6A BASING DECISION

The E-6A TACAMOs were originally expected to be based at the same locations as the EC-130s. However, in January 1986 the Secretary of the Navy directed the Chief of Naval Operations to

> "take immediate action to arrange for Air

> Force to provide required hangars and facilities to support TACAMO operations from the CONUS [continental United States]. This plan will eliminate the requirement for MILCON [Military Construction] funding and should be no more expensive to operate and maintain than if the Navy was to provide this support."

The Airborne Strategic Communications Project Office (PMA-271) in the Naval Air Systems Command is responsible for executing the Secretary's January 1986 guidance. The Office of the Assistant Secretary of the Navy for Shipbuilding and Logistics directed the project manager to find a single Air Force base near the middle of CONUS for both E-6A squadrons. According to the project manager and the Office of the Assistant Secretary, such basing offered various operational advantages, including reduced vulnerability to enemy attack and reduced family separation.

The Air Force developed a list of 20 bases for consideration. The Navy narrowed this list to seven and a joint Navy/Air Force team performed preliminary site surveys of these seven bases from April 22 through May 9, 1986, to determine which facilities were available (e.g., whether there were spare hangars and space for administrative and training purposes).

The Navy concluded that Little Rock was the best candidate for E-6A TACAMO basing, followed by Dyess Air Force Base, Abilene, Texas. The Navy favored Little Rock because a Titan missile wing at that location was being deactivated. However, none of the bases, including Little Rock, had spare hangars with maintenance facilities.

Tinker Air Force Base was not among those suggested by the Air Force; however, the Navy advised us that it had informally discussed the possibility of basing its E-6As at Tinker with the Air Force before the Secretary's January 1986 memorandum to the Chief of Naval Operations. The Air Force had advised the Navy that Tinker had no available facilities.

An official in the Office of the Assistant Secretary of the Navy for Shipbuilding and Logistics told us that Tinker offers operational advantages. The Air Force bases its E-3A Airborne Warning and Control System aircraft there, which, like the Navy's E-6As, are derivatives of the Boeing 707. Tinker is also where the Air Force performs depot-level maintenance of the E-3As and the F108 engines. These F108 engines are similar, though not identical, to the Navy's CFM-56 engines.

This official indicated that it seemed logical to use Tinker. Accordingly, he directed the E-6A project manager to perform a site survey even though the Air Force had not offered it as a candidate base.

A preliminary site survey was performed from July 15 through 16, 1986. The site survey team found that there were no excess buildings or hangars. It concluded, however, that it would be possible to acquire an adjacent 56-acre tract of land, which would be suitable for hangars and other facilities.

On October 1, 1986, the Secretary of the Navy requested the Secretary of Defense's permission to base the E-6As at Tinker. Approval has not been formally granted. However, the Deputy Secretary of Defense indicated in an October 6, 1986, letter to Representative Mickey Edwards that the Navy's recommendation had his approval.

During the week of November 17, 1986, the Navy performed a second, more detailed site survey at Tinker that confirmed that there were no excess facilities.

NAVY'S REASONS FOR DECISION TO BASE E-6As AT TINKER

The estimated cost to construct necessary facilities at Tinker is $107.2 million, whereas the estimated cost for Little Rock is $29.3 million.[1] However, the Navy believes that, over time, the savings in logistics support will substantially exceed the increased initial costs. The project office compared the life-cycle costs for using each base over a period of 30 years. This showed that, excluding the cost of temporary basing, the life-cycle cost was $318.3 million for Tinker as opposed to $364.3 million for Little Rock. Thus, Tinker would cost $46 million, or 12.6 percent, less than Little Rock.

The Navy attaches equal importance to the belief that there is an unquantifiable "synergetic" benefit in basing at Tinker. Tinker is where the Air Force has aircrews and maintenance technicians experienced with operating and maintaining similar type aircraft and engines. The Navy believes basing the E-6As at Tinker will permit the exchange of experiences between Air Force and Navy aircrews and allow the Navy to draw on the expertise of Air Force maintenance technicians to solve problems.

We were unable to verify cost estimates comparing Tinker and Little Rock due to a lack of supporting data. We found that they had been based extensively on judgment and conversations with base personnel. Moreover, the cost comparison did not consider the time value of money. To compare two or more cost alternatives on an equal economic basis, it is necessary to consider each cost at its discounted or present value. This recognizes that money has earning power or alternative

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[1]Changes to these estimates are discussed on pages 5 and 6.

uses over time. In choosing a time value of money, we examined the current returns on government securities and adjusted these returns for estimated inflation over the life of the project. We had to adjust for inflation because the Navy's cost figures did not include any price increases due to inflation. We decided to use a range of discount rates--from 3 to 5 percent.

For the purposes of making such an analysis, we assumed that the investment costs would occur over 5 years and that the E-6As would be maintained for 30 years. Using these assumptions and a 5-percent discount rate, we found the cost advantage from basing at Tinker, rather than at Little Rock, would be about $10 million, rather than the $46 million initially calculated by the project office. Using a 3-percent discount rate, the estimated cost advantage from basing at Tinker, rather than at Little Rock, would be about $20 million.

OTHER MATTERS OF INTEREST

Basing the E-6As at any location in the middle of the continent may cause the Navy to have to buy a 16th aircraft, costing $60 million.

The Air Force has proposed Little Rock Air Force Base as a "rail garrison" candidate site for stationing a quantity of MX (Peacekeeper) missiles. Basing MX missiles at Little Rock would reduce the feasibility of having E-6As there.

VIEWS OF AGENCY OFFICIALS

Officials of the Office of the Secretary of Defense and Air Force agreed with the information presented in this report; however, Navy officials offered additional information for our consideration relative to the costs of basing at Tinker versus Little Rock.

The Navy advised that it now believes the cost of facilities at Little Rock would be $55.3 million, rather than $29.3 million. This change is not supported by a formal cost study, and the Navy has not revisited Little Rock to perform a second site survey. Part of the difference between the two estimates is attributable to the fact that subsequent to the Navy's decision to base the E-6As at Tinker, the Army obtained permission from the Air Force to station a unit of about 300 Army personnel at Little Rock. This unit will utilize some of the excess space that was available at Little Rock; therefore, more construction would be required than was previously estimated.

The rest of the difference between the $55.3 million and the $29.3 million is attributable to a further analysis by the Navy--primarily of the costs required to build hangars equal in size and capabilities to those included in the facilities cost estimate for Tinker.

The Navy has also concluded that construction of military family housing at Tinker is not required. Elimination of military family housing reduces the facilities cost estimate for Tinker by $18.3 million. Also, the Navy has concluded that improvements to the officers club and the gymnasium facility estimated to cost $3.4 million are not essential. Subtraction of these amounts from the Tinker facilities estimate of $107.2 million reduces it to $85.5 million.

Furthermore, the Navy advised that as of March 16, 1987, it and the Air Force were still studying the possibility that certain facilities at Tinker may be underutilized or excess and consequently available for use by the Navy. To the extent such facilities are found, the facilities cost estimate for Tinker may be reduced further.

In addition, the Navy believes it will be possible to achieve further savings of approximately $16 million from basing at Tinker by being able to make a smaller initial investment in spare parts than previously anticipated. The Navy believes it can achieve these savings by relying on Air Force inventories. Achieving these savings will apparently be dependent on obtaining the concurrence of the contractor that will initially provide maintenance support for the E-6As since this contractor will be asked to guarantee a certain level of aircraft readiness. Thus, the contractor will have to rely on Air Force inventories. The Navy believes that obtaining contractor concurrence will not be a problem. Expected savings on replenishment spare parts are included in the life-cycle cost estimate.

The Navy now estimates the total life-cycle cost advantage of basing at Tinker, rather than at Little Rock, as being $70 million. We discounted this figure to present value using a 5-percent rate and found it to be $32 million. Using a 3-percent rate, we found it to be $43 million. In making these calculations we assumed the investment for initial spares would be made over 3 years.

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We did not address the issue of vulnerability to enemy attack or other operational considerations that may have entered into the Navy's decision to base the E-6As in mid-CONUS. In performing our work, we obtained information from officials of the following offices:

--Project Manager, Airborne Strategic Communications, Naval Air Systems Command;

--Assistant Secretary of the Navy (Shipbuilding and Logistics);

--Director, Space, Command and Control, Chief of Naval Operations;

--Deputy Chief of Staff, Programs and Resources, U.S. Air Force; and

--the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence).

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 7 days from its date. At that time we will send copies to interested parties and make copies available to others on request.

If you have any questions please contact me at 275-6504.

John Landicho
Senior Associate Director

APPENDIX I

NAVY'S DECISION TO BASE E-6A TACAMO AIRCRAFT AT TINKER AIR FORCE BASE OKLAHOMA CITY, OKLAHOMA

WHAT WAS THE REVIEW OBJECTIVE?

-- LETTER DATED OCTOBER 8, 1986, FROM SENATORS PRYOR, BUMPERS, AND SASSER ASKED THAT WE REVIEW THE FACTORS CONSIDERED BY THE NAVY IN DECIDING ON TINKER BASING, INCLUDING EXPECTED COSTS.

HOW WAS THE REVIEW CARRIED OUT?

-- INFORMATION OBTAINED FROM THE E-6A PROJECT OFFICE, THE OFFICES OF THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS, THE OFFICE OF THE AIR FORCE CHIEF OF STAFF, AND THE OFFICE OF THE SECRETARY OF DEFENSE.

WHAT ARE TACAMOs? HOW ARE THEY USED AND WHAT IS THE STATUS OF THE E-6A TACAMO PROGRAM?

-- FINAL LINK IN CHAIN OF COMMUNICATIONS WITH BALLISTIC MISSILE FIRING SUBMARINES.

-- PRESENT TACAMO FLEET, COMPOSED OF 18 EC-130 AIRCRAFT, IS DIVIDED INTO TWO SQUADRONS. ONE IS BASED AT PATUXENT RIVER, MARYLAND, AND THE OTHER AT BARBERS POINT, HAWAII.

-- EC-130 AIRCRAFT TO BE REPLACED BY 15 E-6A AIRCRAFT.

-- E-6A IN ENGINEERING DEVELOPMENT; PROTOTYPE DELIVERED DECEMBER 1986; FIRST OPERATIONAL AIRCRAFT TO BE DELIVERED IN JANUARY 1989, LAST ONE IN NOVEMBER 1990.

-- E-6A AIRCRAFT TO BE DIVIDED INTO TWO SQUADRONS BASED AT TINKER AIR FORCE BASE, OKLAHOMA CITY, OKLAHOMA.

-- E-6A AND AIR FORCE E-3A DERIVED FROM THE BOEING 707-320 COMMERCIAL AIRCRAFT.

-- E-6A TO BE BIGGER, HAVE MORE RANGE, AND BE MORE MAINTAINABLE THAN THE EC-130.

-- MOST OF THE MISSION AVIONICS EQUIPMENT ABOARD THE EC-130 AIRCRAFT TO BE TAKEN OFF AND INSTALLED ON THE E-6A AIRCRAFT. THIS EQUIPMENT IS TO BE UPGRADED OR REPLACED IN THE 1990S.

WHAT WERE THE EVENTS LEADING TO THE E-6A BASING DECISION?

-- E-6A AIRCRAFT ORIGINALLY EXPECTED TO BE BASED WHERE EC-130 AIRCRAFT ARE LOCATED.

-- JANUARY 1986 SECRETARY OF THE NAVY MEMORANDUM DIRECTED THE CHIEF OF NAVAL OPERATIONS TO OBTAIN AIR FORCE BASING FACILITIES TO SAVE NAVY MILCON COSTS BUDGETED AT $66.8 MILLION; NOTHING SAID ABOUT ONE BASE IN MID-CONUS.

-- FOLLOWING JANUARY MEMORANDUM, E-6A PROJECT OFFICE DIRECTED BY OFFICE OF SECRETARY OF THE NAVY TO FIND ONE AIR FORCE BASE WITH MID-CONUS LOCATION FOR BOTH E-6A SQUADRONS. REDUCED VULNERABILITY AND LESS FAMILY SEPARATION.

-- AIR FORCE DEVELOPED LIST OF 20 MID-CONUS BASES. TINKER NOT INCLUDED. THE NAVY SELECTED 7 OF THE 20 BASES FOR SITE SURVEYS--LITTLE ROCK, WHITEMAN, BLYTHEVILLE, GRISSON, ELLSWORTH, DYESS, AND OFFUTT.

-- PRELIMINARY SITE SURVEYS CONDUCTED BY NAVY/AIR FORCE FROM APRIL 22 THROUGH MAY 9, 1986. LITTLE ROCK DEEMED MOST SUITABLE, FOLLOWED BY DYESS. LITTLE ROCK FAVORED BECAUSE OF EXCESS SPACE.

- FACILITIES COST ESTIMATE: LITTLE ROCK $24.7 MILLION, DYESS $34.8 MILLION, AND MEMPHIS NAVAL AIR STATION $54 MILLION.

-- FOLLOWING SITE SURVEYS, PROJECT OFFICE DIRECTED TO PERFORM PRELIMINARY SITE SURVEY AT TINKER EVEN THOUGH AIR FORCE HAD NOT OFFERED IT. NAVY BELIEVED TINKER HAD ADVANTAGES RESULTING FROM BEING DEPOT FOR E-3A AIRFRAMES AND CFM-56 ENGINES. NAVY HAD ASKED ABOUT TINKER BEFORE.

-- PRELIMINARY SITE SURVEY AT TINKER MADE BY NAVY/AIR FORCE JULY 15-16, 1986. SURVEY FOUND NO EXCESS FACILITIES AT TINKER. NECESSARY TO ACQUIRE 56 ACRES OF LAND TO CONSTRUCT REQUIRED FACILITIES.

- FACILITIES COST ESTIMATE FOR TINKER WAS $65.2 MILLION. REVISED ESTIMATE FOR LITTLE ROCK WAS $29.3 MILLION.

-- MORE DETAILED SITE SURVEY PERFORMED BY NAVY/AIR FORCE FROM NOVEMBER 17 TO 21, 1986. EARLIER FINDINGS ON LACK OF EXCESS FACILITIES CONFIRMED.

-- LATEST FACILITIES COST ESTIMATE FOR TINKER IS $107.2 MILLION. LITTLE ROCK NOT RESURVEYED.

- MOVING COSTS OF $32 MILLION; ALSO VARIOUS OTHER COSTS AMOUNTING TO $23.9 MILLION.

- ENVIRONMENTAL ASSESSMENT REQUIRED.

WHY WAS TINKER SELECTED FOR E-6A TACAMO BASING?

-- ALTHOUGH INVESTMENT COSTS WERE HIGHER AT TINKER THAN THEY WERE AT LITTLE ROCK, THE NAVY BELIEVED RECURRING SAVINGS IN MAINTENANCE COSTS AT TINKER WOULD SURPASS HIGHER INVESTMENT COSTS.

- UNSUPPORTED LIFE-CYCLE COST STUDY SHOWED LITTLE ROCK INVESTMENT COSTS WOULD BE $38 MILLION LESS THAN TINKER.

THE STUDY SHOWED, HOWEVER, THAT OVER 30 YEARS, COSTS AT TINKER WOULD BE $46 MILLION LESS THAN THOSE AT LITTLE ROCK.

- GAO'S PRESENT VALUE ANALYSIS SHOWS SAVINGS OF ONLY $10 MILLION, ASSUMING 5-PERCENT DISCOUNT RATE, OR $20 MILLION, ASSUMING A 3-PERCENT RATE.

-- THE NAVY BELIEVES THERE IS AN UNQUANTIFIABLE SYNERGETIC EFFECT OF HAVING NAVY AND AIR FORCE AIRCREWS AND MAINTENANCE PERSONNEL COLLOCATED.

WHAT OTHER MATTERS OF INTEREST WERE NOTED IN THE REVIEW?

-- AN ARMY UNIT COMPOSED OF 300 PEOPLE WILL MOVE TO LITTLE ROCK. MIGHT

LESSEN POSSIBILITY THAT LITTLE ROCK COULD BE USED FOR TACAMO MISSION. PRESS REPORT THAT FIRST GROUP OF STEALTH BOMBERS WILL GO TO WHITEMAN AIR FORCE BASE.

-- THE NAVY WANTS TO SAVE MONEY BY MOVING INTO TINKER BEFORE CONSTRUCTION IS COMPLETED IN 1992, DESPITE SITE SURVEYS THAT SHOW NO EXCESS FACILITIES ARE THERE. THE NAVY IS ALSO LIKELY TO TRY TO PUSH THE AIR FORCE TO FIND PERMANENT EXCESS SPACE AT TINKER TO REDUCE THE NAVY'S CONSTRUCTION COSTS. WHETHER THE NAVY WILL BE SUCCESSFUL IN OBTAINING EXCESS FACILITIES WILL DEPEND UPON THE ACTIONS THAT THE AIR FORCE TAKES.

-- BASING AT ANY MID-CONUS LOCATION MAY CAUSE THE NAVY TO HAVE TO BUY A 16TH E-6A, COSTING $60 MILLION.

[COMMENTS ON GENERAL ACCOUNTING OFFICE (GAO) REPORT]

Navy comments are as follows on GAO document entitled:

BRIEFING REPORT (B-226374) TO THE CHAIRMAN
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

NAVY CONSTRUCTION
ISSUES ON THE PROPOSED MOVE OF THE NAVAL SUPPORT ACTIVITY, NAPLES, ITALY

Summary: Navy officials cooperated at all levels with the GAO evaluators during this study, providing them access to all technical and budget materials, and to the Navy's own study directed by the Congress. In December 1986, the earliest date the Navy's draft study became available for distribution, it was given to GAO in support of the Navy's case for operational, seismic safety, security, and facilities requirements. Findings of Navy seismic, structural, security, and planning experts were made in this document in detail and it became a frame of reference for the GAO report. The Navy welcomed this approach by GAO. In many areas the GAO report takes note of the Navy's findings, cites them in the GAO documents without taking exception and in many cases agrees with the Navy's position. In a minority of situations, the GAO takes issue with Navy calculations and certain aspects of stated positions of some of the Navy's expert consultants. The purpose of these comments is to rebut the GAO position in such cases, or to provide clarifications which the GAO may consider in any follow-on advice they may render to the Congress. Comments supportive of the Navy's position, or statements made in harmony with Navy findings, are not addressed in these comments, the obvious conclusion being that in such cases the GAO takes no issue with the data and conclusions.

Appendix I: The Naval Support Activity

Page 5, para 3: The decision to pursue alternatives to the situation in Agnano was made in 1983 based on Navy studies begun in 1981/82. Those studies focused on (1) the mission problems that exist, (2) substandard facilities, (3) security concerns, (4) encroachment, (5) seismic problems, and (6) rising lease costs. Seismic risk has been a concern in Naples, as evidenced by the Navy's evaluation of its facilities in Naples after the 1980 earthquake and the concerns expressed at that time in the poor quality of the buildings. The onset of bradyseismic activity in 1982 intensified seismic concerns.

Page 6, para 1: Most of the facilities in Agnano were acquired through lease construction to general standards at the time. In addition over the past 20 years, the facility requirements, condition of the buildings, and security threat have changed dramatically. The mission that must be accomplished now is vastly different now from what it was then.

Page 7, para 2: Since the Navy's report was published, minor cost reductions have occurred. The Navy's current estimated cost

for construction at Capua is $245.7 million, with a total relocation cost of $352.0 million as provided to the committee previously.

Page 7, para 4: Facilities planned for Capua are required to support current mission, tasks and loadings, and to improve overall quality of life. They are required from a facilities perspective irrespective of location. Specifically, facilities such as senior officer quarters, explosives storage structures, and military working dog kennel facilities are needed at the present time to enhance security. Other facilities such as bowling alleys are non-appropriated funded facilities intended to improve the quality-of-life of Navy personnel and families in the area.

Appendix II: Seismic and Structural Issues

Page 9, para 1, para 2 (second finding): The structural deficiencies in the buildings in Agnano exist today. Further structural degradation over and above that already experienced will make the situation worse. The facilities in Agnano will, in their existing structural condition, collapse in part or in total when subjected to the earthquake forces predicted for Agnano. The buildings are not in danger of collapse today in the absence of additional seismic activity and precipitous evacuation of the buildings has therefore not been undertaken to-date. However, the danger in continued use of these buildings has been well documented and the realization that they will collapse when the predicted earthquake comes is a major life safety concern.

Page 9, para 2: The method used by the Navy's consultant to determine the predicted seismic risk at Agnano and Capua is based on standard methods, practices, and professional judgment that are widely used and recognized in the profession. They have been reaffirmed by two separate studies over the past three years. The conclusions on seismic and volcanic risk were reviewed and confirmed by an independent USGS expert, and other experts who concurred in these conclusions. (Dr. David Hill's statement was provided for the record).

Page 10, para 4: As stated previously the buildings in Agnano were not designed for seismic effects and are subject to collapse in the event of predicted earthquakes and as such are unsafe for continued long-term occupancy. It must be noted that structural damage may well have occurred in the buildings at Agnano. Significant damage is not expected to be visible prior to the failure of the facilities, as the Navy report states, "Complete failure will follow closely the first appreciable damage and will likely be sudden, massive, and catastrophic."

Page 11, para 2: The three-year repair program is only addressing interim, short-term, patchwork correction of damage to non-structural elements in the buildings in Agnano that are needed for continued short-term occupancy. These were recommended by the NAVFAC HQ chief engineer. This program will not reduce the risk of collapse or the life-safety risk to occupants of the buildings in the event of the predicted earthquake and does not provide a long term fix.

Page 12, para 2: The Navy consultant's cost estimate to seismically upgrade the buildings in Agnano has been reviewed by the Navy and the costs are considered reasonable planning budget estimates. The Navy compared the Agnano estimates to other seismic upgrades in the U.S., both in the planning stage and in light of actual bid results. We are confident the costs reflect the orders of magnitude for the cost upgrade required in the substandard Agnano buildings.

Page 12, para 3: The landlord's general comments regarding upgrade of the hospital and administration building have been based upon little or no analysis or design. The thoughts of his engineer and his ideas were discussed by Navy consultants with his engineers in Italy. It was clear from this discussion that the owner had no finalized plans for correction of the substandard buildings. However, the discussions indicated that the owner's ideas for upgrade did not take into consideration several elements required to provide a seismically safe building (foundations, non-structural hazards, etc.) or consideration of keeping the critical building operational after any damaging earthquake. In addition, the design loads discussed appeared lower than the predicted loads and the method for determining the loads inappropriate.

Page 12, para 5: The facilities at APSOUTH have not been studied by the Navy. Therefore, we do not have any specific information on those buildings. It should be noted that the facilities at APSOUTH are low-rise structures as opposed to the high rise facilities at Agnano. We can conclude that the work going on at Bagnoli is comparable to short-term repairs to surface cracking and cosmetic correction of cracking resulting from bradyseismic activity.

Page 13, para 4: The 1980 earthquake measured 6.5 on the Richter scale. However, no instrumentation was in place in Agnano at the time. Therefore, the force felt at Agnano can only be assumed based on scientific calculation. No comfort should be taken in the fact that the facilities at Agnano survived a seismic force possibly as high as 70% of the force that will cause collapse. The next earthquake will not be a duplicate of the 1980 event. As noted by Dr. Hill in his statement, "Agnano is also potentially at risk from a M=4.5 to 5 event directly beneath the site . . . as emphasized by the M=5 earthquake that occurred beneath San Salvador on 10 October 1986 (1,500 dead, 10,000 injured, and 250,000 homeless), a moderate earthquake directly beneath a population housed in structures not built to modern earthquake design standards can produce a major disaster."

As stated in the Navy's report, "Complete failure will follow closely the first appreciable damage," (i.e., damage to a structural element may not be seen until the full force is felt and then it will collapse.) Buildings that collapsed in Pozzuoli in the 1982-84 bradyseismic activity, as elsewhere, often have withstood higher levels of earthquakes and subsequently collapsed when exposed to an earthquake intensity that they had withstood previously.

Page 14, para 1: While scientists do not have a complete scientific record of historical episodes of bradyseismic activity, they do have written accounts of some previous bradyseismic events. The 1970/72 and 1982/84 crises have been recorded and a large amount of scientific data and documentation exists today. Italian, British and U.S. experts all agree the potential risk of eruption is real and of concern today. As noted by Dr. Hill in his statement, "The bradyseismic activity will resume sooner or later, but we cannot say when this will happen. There is no doubt, however, that the onset of another bradyseismic episode would immediately raise concerns over the likelihood of an imminent eruption." A great deal of attention is being paid by Italian authorities to the problem and attempts to provide adequate advance warning of the eruption the experts feel is inevitable. There is no guarantee that there will be days or weeks of advance warning only speculation and hope that this will be the case.

Page 14, para 3: The repetitive bradyseismic tremors as experienced during the 1982/84 crisis have the capability to degrade a structure to the point of collapse as witnessed in the City of Pozzuoli during the last crisis. The short-term repairs to the non-structural elements in the Agnano buildings will not fix any (non-visible) structural damage created during the last episode. A building that has withstood a specific seismic event will not necessarily withstand that same magnitude event again and may in fact collapse as the result of a lower magnitude event as has happened in the past. Considering the structural nature of these substandard buildings, the universal recognition that they are seismically deficient and in view of the degraded state of the buildings in Agnano, due to past earthquakes, there is no assurance they will withstand the first bradyseismic tremors in the next crisis.

Page 14, para 4: Scientists today are unable to specifically predict when a volcanic eruption will occur in the bradyseismic area (which includes Agnano); there is agreement, however, that a volcanic eruption will occur in the bradyseismic area. Scientists believe that the 1538 eruption is a model of the current situation in that the eruption was preceded by 20 to 30 years of uplift and bradyseismic activity. This position is held by the majority of U.S., British, and Italian scientists. The Italian scientific community, through the Vesuvius Observatory, is constantly monitoring the bradyseismic area to provide advance warning to the 400,000 people. Italian officials' estimate is affected by implementation of its emergency evacuation plan. This monitoring system is currently being expanded and improved with the assistance of the USGS but there is no guarantee there will be days or weeks of advance warning. There is only speculation and hope that there will be sufficient time to avoid a major disaster if it arises.

Page 15, para 1: All Navy studies conclude that the seismic risk at each site is essentially the same and that the predicted ground motions recommended for seismic design purpose are the same. New buildings at the new site are far better than the existing substandard buildings at the Agnano site.

Page 15, para 3: The method used by the Navy's consultant to determine the predicted seismic risk at Agnano and Capua is based

on standard methods, practices, and professional judgment that are widely used and recognized in the profession.

Page 15, para 3: The bradyseismic events are based on a recurrence relationship of which 10 years is the average for a 4.5 magnitude earthquake. The recurrence relationship takes into account the probability of recurrence for a period of time to determine the overall factor to use.

Page 15, para 4: The average recurrence period of 10 years is based upon the above discussion. The estimated maximum 4.5 magnitude earthquake is based on the fact, as concurred in by GAO, that the magnitude of the bradyseismic tremors increased between the two previous cycles at this bradyseismic area and others in the world. It is reasonable to anticipate that during the next crisis the maximum bradyseismic tremors could exceed the 4.2 magnitude tremors of this last crisis.

Page 15, para 5, Page 16, para 1: The 6.0 Richter bradyseismic event is based upon observations made at the two other active bradyseismic locations in the world, one at Long Valley, California; the other at Ratsaul, New Guinea. As noted previously, the magnitude of the bradyseismic events increased in 1982-84 over what was experienced in 1970/72. There is evidence to suggest this can occur again. The depth at which these tremors would originate and the low weighting factor assigned to this seismic contribution have minimal impact on the overall seismicity of Agnano. The essential conclusions of the study would not change, even if this event was removed from consideration.

Page 16, para 2: The term "anti-Apennines" describes a transverse fault zone at approximately 90° to the Apennine range. It is not an unusual term. Faults beneath the plain that includes Capua and Agnano are not well identified because young sediments cover most of the area. However, there are several publications that identify easterly trending faults off-shore and in the mountains of the region. Therefore, it was reasonable to consider that easterly trending faults along the anti-Apennine trend could exist in the study area. Further, records of earthquakes in the region are available for use in seismicity studies. It appears likely that there are multiple faults constituting one system. The Woodward-Clyde study treated the anti-Apennines as a regional source - a reasonable assumption under the circumstances, and a widely used technique. This means that for statistical purposes that there is an equal likelihood of an earthquake at any point. The magnitude and frequency of events in this area were derived in the usual ways and recurrence established accordingly. The weighting of this source seems very reasonable as evidenced by the agreement with other studies (NCEL and Dames & Moore) performed using recognized methodology (in contrast to opinion).

Page 16, para 3: The method used by the Navy's consultant to estimate the seismic risk at Agnano is based on standard methods, practices, and professional judgment that are widely used and recognized in the profession. Independent studies, the most recent of which was prepared under the direction of one of the most senior members of Woodward-Clyde, a firm considered to be one of the most

prominent international experts in the profession, concludes there is a seismic risk in Agnano. The results of these studies have been reviewed and concurred in by USGS and Navy scientists and engineers.

Appendix III: Security Issues

Page 17, para 3: The construction of a road that began in the fall of 1986, stopped in November 1986 and has not been resumed since that time. Today the road remains a narrow, unpaved, pioneering track only. If completed, this road would have a blind intersection at both ends and will not appreciably improve access to Agnano. In the past, several new access roads and road improvement concepts have been discussed with the Navy. These concepts have been reviewed by the Navy and it has been determined that singularly or in total these improvements that have a reasonable likelihood of construction before the 21st century will not significantly improve the Agnano encroachment and congestion problems.

Page 18, para 4: The agent-in-charge of the Naples Naval Investigative Service (NIS) office has apparently been misquoted. He states that both the surrounding ridges and high-rise buildings provide vantage points from where aggression could be launched virtually undetected.

Page 19, para 1: As noted by GAO, five and six-story buildings are located in close proximity to the base. The distance figure they quote is in error. Buildings on the back side of the base are only 40 to 50 feet away, and in one instance, an apartment building literally abuts the base perimeter wall.

Page 19, para 2: The criteria for clear zones as it has been developed is intended for security of compounds/base land area. Security measures for a single building are different in concept and application.

Page 19, para 3: As mentioned by GAO later in their report, NSA has not been successful in getting local authorities to enforce the no parking rules on via Scarfoglio. However, authorities do randomly ticket these parked cars and NSA tows U.S. owned vehicles. Despite these attempts, cars remain parked along the perimeter.

Page 19, para 5: The construction of a "blast wall" along the street in front of the Agnano compound would be ineffective in providing any protection against a car bomb. As has been demonstrated in actual tests and as stated in DOD explosive criteria, "Facility damage and personnel injury . . . are principally related to blast overpressure and impulse . . ." (That is the shock or concussion from the blast.) As demonstrated in testing, barricades of any sort do not provide protection against the blast concussion which is the primary killing force in explosions.

Page 20, para 4: The autostrada that intersects part of the site at Capua has been reviewed from a security standpoint and it

has been determined that it is not a significant security problem. The pedestrian overpass to the school area was retained in the construction program at this time. NSIC team indicated that any security concerns with the overpass could be mitigated during design.

Page 20, para 5: The planning, layout, and design of the Capua site precludes the possibility of encroachment similar to Agnano by providing for clear zones on base with adequate standoff distances to soft targets. Parcels around the site have been identified for potential acquisition or easements to round the site out to its natural boundaries, if possible, but they are not required to maintain adequate security protection.

Appendix IV: Some Facility Problems Could Affect NSA's Mission

Page 22, para 2: Currently, in Naples, operational commanders are trying to "make-do" with the occupied substandard facilities. While missions have, to date, been met, operational exercises testing full capabilities have identified unacceptable shortcomings.

For example, a recent worldwide command post exercise graphically identified the inadequacy of secure voice capabilities in the Mediterranean, and message handling capabilities, as high priority message communication was delayed by as much as twenty-four hours. This exercise tested command and control functions only. In reality, communication with operating units would further compound this delay. These problems would be solved with the upgrade of C^3I facilities under the Naples relocation project.

Page 22, para 4: Mechanical and electrical reliability of the communications equipment is not the real issue. Rather, the issue is the vulnerability of this same equipment to potential terrorist activity. The possibility of loss of the single thread, microwave connectivity between operational commands and fleet units causes enormous concern to task force commanders.

Page 23, para 3: The statistics in the GAO report reflect total personnel transferred; however, when compared to total patients seen, a higher percentage is being transferred, as shown below.

	1984	1985	1986	1987 (1st QTR)
Naples to Germany	2.0%	2.9%	2.8%	(2.0%)
Naples to U.S.	0.5%	0.65%	1.0%	(0.8%)

Appendix V: Cost to Build New Base, Compared to Upgrading Agnano

Page 26, para 2: The GAO has identified $28.9 million that they feel should be added to the Navy's relocation cost of $352.0 million (revised from $358.4 million during hearings) for the move to Capua. These costs are not considered appropriate for inclusion by the Navy.

Security - Additional security costs would be needed in expansion of Agnano as well. A wash.

Architectural Engineering Service - These costs have traditionally not been intermixed with construction relocation costs in budget comparisons. Additional design and engineering costs would also be required for the theoretical alternative of studying in Agnano, and would be a wash.

Military Sales Credits - Navy does not consider this a cost. The Government of Italy agreed in 5 August 1985 letter from the Ministry of Defense to provide the land by the end of 1987. No such credits have been agreed to by the parties. Non-recurring cost credits could be considered in the future if, as approved by Congress, it is in the interest of standardization within the NATO Alliance.

Lease Termination - This is an estimate of costs which may or may not come to pass. Under any scenario, lease terminations costs could occur. If phased with lease expiration dates and closely managed, these should be minimized.

For comparison purposes only, similar costs would also have to be included in the other alternatives. The comparable costs for the other alternatives would be $12.5 million.

Page 26, para 3: Although the GAO report does not provide details of their cost assumptions, it appears that the GAO has overestimated the construction costs for the Capua site by $33 to $39 million. The Navy's current estimate for construction cost at Capua is $245.7 million, of that total $142.5 million is supported by 35% design. That leaves a total of $103.2 million of construction in the planning phases. To reconcile the GAO figure this cost would have to be increased by 30% to 40%. The projects covered by the $103.2 million are not highly technical or unusual projects. The Navy is confident we have good estimates based upon current planning and feel the GAO increase in cost by 30%-40% over Navy estimates is incorrect and in error.

Page 27, para 2: The existing hospital and administration buildings cannot be upgraded to meet the mission requirements they must fulfill. Consequently, any alternative for Naples must include the construction of a new hospital and C^3I facility. The proposal to construct a new school in the Agnano expansion alternative is to provide seismic safety and to allow the elimination of scattered compounds, each requiring separate security at Agnano.

Page 27, para 3: The alternative, provided as requested, of remaining in Agnano and upgrading the existing leased buildings for seismic safety does not correct the mission related facilities problems associated with the C^3I function or the hospital. Any realistic alternative for Naples must construct a new C^3I and hospital. The GAO's reduction of $39.2 million for staying with the status quo to the Navy's estimate of $340.9 million is based on two issues, (1) a small undefined amount of sunk costs, and (2) approximately $37 million associated with the method of computing the net present value (NPV) of the leases in Agnano. The GAO's

estimate of the NPV considered an additional assumption (and related $37 million reduction) that projected differential future inflation in the foreign exchange rates between the dollar and the lira. The GAO applied the foreign exchange rate factor to all the leases in Agnano which has the net effect of converting lease payments at 1,593 lira to a dollar in 1988, and 5,099 L/$ in the year 2010. However, since 60% of the leases in Agnano are paid in dollars, the GAO assumption on differences in the foreign exchange rate and their corresponding reduction in NPV does not apply. If the GAO assumption is used only on the lira leases, the NPV using the GAO's assumptions and applying the difference in the foreign exchange rate to those leases paid in lira is $72.6 million. The correct GAO revised total should also be increased by $12.5 million to include comparable GAO assumptions for items to be included for the relocation option (i.e design costs, lease termination etc.) The corrected GAO cost figure would then be $336.1 million for the status quo in Agnano.

COST OF NAPLES RELOCATION

Senator SASSER. At this time, I would like for you to respond to issues that I have raised.

The cost of relocating the Naples complex is over $400 million. Given the high-priority military construction needs of all the other services which the Naples project is going to have to compete against, why should the subcommittee approve such a very substantial new expenditure in Europe? And why can't our NATO allies help with this project?

Admiral JONES. Mr. Chairman, I think I would like to take that on and discuss the Naples project with you in some detail.

First of all, we are asking for this program to be funded over a 6-year period. The total cost of the actual military construction piece—I have some cost figures here that I can put my hands on—is not quite $400 million as you indicated 1 minute ago.

The total cost of our relocation from Agnano to Capua is $352 million. That $352 million is, of course, not all military construction. The military construction component of that cost that this subcommittee would see over the 6-year period is $202 million.

You can then add to that a nonappropriated fund component, an equipment procurement component, and an operation and maintenance component. A sizable O&M required for procuring the upgraded C^3I equipment that will go in the new building, and to perform the systems engineering that is required to install that equipment in the new building. That amounts to $72 million of the total $352 million, Mr. Chairman.

That $72 million is going to be spent with or without the Naples project. It is in other portions of the Navy budget to upgrade communications equipment Navy-wide. It happens to be that Naples is our highest priority for upgrading C^3I equipment. We need to improve the command, control, and communications in Naples as Admiral Loftus will discuss in the classified portion of your hearing.

I wanted to make the point that, of the $352 million total, $72 million is going to be spent anyway. If we are not able to spend it at Naples we are going to spend it at some other location within the Navy where we have a hard requirement for communications upgrade.

NAVY MILITARY CONSTRUCTION BUDGET IN EUROPE

Having said that about the cost, let me also come back to the fact that the Navy is a relatively small service with regard to our personnel in Europe. We have minimum shore activities—only about 12,000 to 15,000 people in Europe out of the total of 326,000 United States military that are located in Europe.

Our annual military construction budget request is about 10 percent of the total DOD budget request for military construction in Europe. That figure includes the substantial amount of money every year that we put into Iceland. So if you are looking at our overall profile, this does not put a spike in our profile. We programmed it out over 6 years in a logical progressive fashion. It is not causing increased funding levels in Europe.

HOST NATION SUPPORT

In regard to host nation support, we are relying on NATO funds where NATO funds are appropriate. For instance, this year not with this project, because this is a United States national interest project, and not appropriate for NATO funding but this year, our European budget request, for instance, asks for money for the fourth increment of the fuel facilities at Iceland. That is split 50–50 between the United States and NATO based on the fact that——

Senator SASSER. Did you say Iceland?

Admiral JONES. Yes, sir; that is part of our European request. Iceland is part of Europe, part of our European request.

This is the fourth increment of that fuel facilities project which is being funded in seven increments. We are seeking funds for the fourth increment, 50–50 NATO all the way, based on the fact that the missions that are being flown by the aircraft are about one-half NATO missions and about one-half U.S. missions.

Host nation support for the Naples project is evident in the fact that the Government of Italy is providing the land for us. We have no expenditure in our military construction request for the land. The 250-acre Capua site is being provided by the Government of Italy.

I'm not sure where you want to go from here, but if you have some other specific question, I would be glad to address it, sir.

Senator SASSER. Well, the Italian interest maintained at at least $110 million could be saved by staying in Naples and upgrading the old structures and building new ones at the present site. The Navy maintains it costs less to relocate.

Who does the subcommittee believe on this whole subject?

Admiral JONES. Well, Mr. Chairman, I am familiar with the Patton, Boggs & Blow assertions. They have hit us with a paper blizzard, so to

speak, which began last year when we were testifying before the House Appropriations Committee. It followed on to the House Armed Services Committee last year.

Their comments and their observations on our program have been coming at us again this year in a flurry. Last week we answered for the House Armed Services Committee a whole series of questions that were raised by Patton, Boggs & Blow. They are looking out to protect the $3.8 million annual lease cost that is going to the lessor, Fiart principally, for whom they are the registered agent.

In answering that paper blizzard, I find very little credibility in their observations or in their comments, Mr. Chairman.

For instance, just to give you a couple of examples to show whom you should believe, Fiart estimates the cost of upgrading their existing structures at about $47 million. That is absolutely grossly underestimated. GAO supports the fact that they have no basis for that estimate. The GAO report, which you ought to put in the record, was provided with some brief comments to you earlier this week. GAO said that the owners' estimates were based on little or no analysis or design—that the owners' methods of determining loads for those structures were inappropriate, and generally found that they had no real plans for making those structural corrections. So GAO was not really able to say how Fiart came up with that $47 million cost estimate.

The Navy's estimate, on the other hand, was prepared by a well known, in fact internationally recognized, structural consultant, the firm of Englekirk & Hart. They are consulting engineers that have done work for the Navy before. Well recognized, they made some analyses of those structures and came up with a cost of $166 million if we were to try and upgrade those structures.

I point out that that is a theoretical solution, to stay in Agnano. It is a solution that we reject as being totally unwise to put that kind of capital investment into old structures that do not meet any kind of current seismic design criteria.

SEISMIC RISKS IN CAPUA AND NAPLES

Senator SASSER. Let me just stop you right there, Admiral Jones.

The Navy says that Capua has a lower seismic risk than Naples, but the Italian interests say just the opposite.

Why can we not get agreement there, at least on where we have the greatest seismic risk?

Admiral JONES. Well, I would go again to our report that we prepared at the direction of the HAC. We engaged Woodward & Clyde consultants, again internationally known consulting engineers in the geotechnical arena. The work was done by a Dr. I.M. Idriss, with over 28 years of experience in seismic geotechnical activity. In fact, Dr. Idriss prepared for us a statement because he felt very strongly about the Navy's problem in Agnano. I put those statements in the record before the House this year.

I will quote just briefly from Dr. Idriss' statement.

He says, considering, and I would also add that I did not ask him to make this statement. After they did the work and they knew we were going to be up here testifying on the Hill he and Dr. Hart, the structural engineer who did the cost estimating, both volunteered to make very brief statements in case we wanted to put them in the record. They felt strongly that the Navy should move out of Agnano.

Dr. Idriss' statement says in part, and I quote, "considering all potential geotechnical hazards identified at both sites, it would appear that the potential for hazards due to seismic shaking, surface fault rupture, and landsliding are higher at Agnano than they are at Capua."

I can give you another litany here of some of the things that do exist at Agnano that do not exist at Capua.

Senator SASSER. Well, Admiral, in the interest of time, I will have additional questions on this whole subject for the record. We will ask some additional questions in closed session.

But in deference to my colleagues here I think we ought to stop and turn to them.

Senator Stevens.

Senator STEVENS. Mr. Chairman, I would like to ask some questions.

I apparently have been subject to the same paper blitz and if we get redundant in our questions, I hope the chairman agrees that you can just answer the questions once. I have not seen your questions and we have had the same paper blitz.

I do not know what the time limit is, I would like to get a little provincial. I have to go to another meeting here. So if that is all right, Mr. Chairman, I would do that now.

OVER-THE-HORIZON RADAR

You have a request here for the over-the-horizon radar at Amchitka. I understand that the House side has questioned your ability to contract for the additional funds you requested for 1987.

Could you give us an answer now to the position that was expressed, I understand this past week in the House on this Amchitka ROTHR?

Admiral JONES. Yes, sir; the House Armed Services Committee authorized only a portion of the $60 odd million that we requested in fiscal 1988, and the mark was made on the basis that they questioned our ability to obligate the funds.

That is an inaccurate observation on the part of the House. We have awarded a contract already for the fiscal year 1987 portion of the ROTHR project at Amchitka. As part of that contract, Senator, we have a firm fixed price option to pick up the fiscal year 1988 piece as soon as we have the funds available.

That is already competitively bid and in hand, this option for award in fiscal year 1988.

Furthermore, the contract completion date is November 1988. The contractor is going to not just obligate, but in fact expend—assuming we get the money—that entire $60 some odd million in fiscal year 1988.

Senator STEVENS. I understand there was also a question raised in the House about whether or not the Navy's Amchitka OTH was redundant in view of the Air Force request for a similar type facility on the mainland in Alaska.

Again, my friends from other States, Amchitka is an island off of Alaska, uninhabited, was the site of one of our last underground atomic tests as a matter of fact. I understand the Air Force location is some 1,000 miles away somewhere near the Anchorage area.

Is there a redundancy in those two?

Admiral JONES. I am not familiar with what was said by the House, Senator, but there is no redundancy. The Navy's relocatable over-the-horizon radar has a totally different mission from the ROTHR that is being procured and installed by the Air Force.

Our relocatable over-the-horizon radar is keyed toward the Soviet threat to our fleet in the Pacific. The Air Force installations on the other hand are, have a different mission. They are looking at what might be incoming to the United States.

Senator STEVENS. It is my understanding that yours is to deal with the threat from aircraft or from low flying missiles to the surface craft of the Navy.

Admiral JONES. That is correct, sir.

Senator STEVENS. And the other one, as I understand it is missile-related delivery of warheads through space. It is related to the overall space defense program.

Admiral JONES. And to the United States, yes sir.

Senator STEVENS. That is right, to the United States as a whole.

ADAK FACILITY

Let me shift, if I may, to the question of the Navy's facility at Adak. The one I am interested in out there right now is the school.

There is a request pending before the committee, I think, for the release of design funds for the school replacement out there. This is what they call the middle school.

Senator SASSER. We have approved that, Senator.

Senator STEVENS. It has been approved? The House, I understand, is holding that up.

Is there any request for funds in this bill for that school?

Admiral JONES. No, sir; there are no requests in the President's budget this year for that school, Senator.

I wanted to proceed with the design. There is a controversy over how the school should be funded. I believe it was this committee last year that said that the Navy should fund it. On the House side, however, the feeling is that it should be funded by the Department of Education.

As a result of that controversy there really hasn't been a design started. There hasn't been any design; the DOD has not requested funds.

Nonetheless, in the interest of getting on with the project—because our children are going to suffer if we don't get the school funded one

way or the other—I wanted to proceed with the design. I notified the committees that we were going to proceed with design. Senator Sasser sent me a letter and said hey, that is great, get on with it. Mr. Hefner from the House Appropriations Subcommittee sent me a letter and said he disagreed and did not approve the starting of design, because he didn't think it should be a Navy-funded project.

Senator SASSER. I am confident you gave my letter greater credence.

Admiral JONES. Well, Mr. Chairman, unfortunately, when I get told by one to stop, I have to stop. Otherwise I get kind of hit hard there. So we are, in fact, not designing.

Senator STEVENS. I will visit with the chairman on the House side. I think we need to have periodic visits to this base. It is a very unique base. There is no civilian community there at all. As I said, it is totally a Navy community. Its population is growing. It is 1,200 miles west of Anchorage. There is no school district out there. There is no State school out there. It is as close as you can be to being overseas.

It must be recognized that it is a function of the Navy to proceed. I think that is the problem.

The Federal Department of Education has no funds for building schools of this type. I will have to work that out with them. I think it is unfortunate because this is probably, as I indicated, I think one of the most important bases in the Pacific now, and for the future to make sure that Adak is properly equipped to deal with its increased role.

FAMILY HOUSING PROBLEM

I am interested in, just in a general point of view about your family housing problem. There are tremendous deficiencies in family housing. I do not think any of them affect any installations in my State. There is as I understand it, 11 percent of the Navy's Milcon programmed for overseas projects.

Do you have a breakdown of how much of that is family housing overseas as compared to military projects overseas?

Admiral JONES. I would have to provide that for the record. We have in the past sought family housing overseas. We have projects for instance under construction right now in the Subic Bay and a project pending award in Subic Bay for additional family housing.

But I would have to give you that for the record on a percentage basis, Senator.

[The information follows:]

OVERSEAS PROJECTS

Of the 11 percent programmed for overseas projects, 10 percent is for military projects and 1 percent is for family housing. Military projects for Europe and the Far East represent 38 percent and 54 percent, respectively, of the overseas budget excluding family housing.

IMPACT OF REDUCED BUDGET

Senator STEVENS. You have a $1.8 billion request for military construction, $800 million for family housing.

I would be interested if you can tell us, as I indicated, Mr. Chairman, it is my understanding that request is roughly the same as last year.

Admiral JONES. Yes, sir; that is correct. We will answer that for the record.

Senator STEVENS. And we were forced to make reductions last year because of the budget and the allocation we got from the full committee. I was not on the subcommittee last year, but what caused it was the allocation of the full committee as I understand it.

Can you tell me, has there been any impact of the reductions we made last year on your operational readiness?

Admiral JONES. Yes, sir; clearly that was a substantial cut that we suffered last year. As Mr. Eastin said in his opening statement, in 1985, 1986, and 1987, we have lost $1 billion in our budget request. That is what we requested as opposed to what was approved by the Congress. We lost essentially $1 billion in those 3 years.

Now that can't help but have an adverse readiness impact. There are training facilities that didn't get funded. There were quality-of-life facilities that didn't get funded. Operational facilities that didn't get funded. I view the Naples program for instance that we did not get anything for last year as overall a quality-of-life project in total, but also very certainly a serious operational requirement that didn't get funded.

So the readiness of the Navy can't help but suffer when you take that kind of cut over a 3-year period.

Senator STEVENS. Mr. Chairman, I want to swing into one other question. That will be the end of mine.

That is, I understand that the House has deleted the dock that is required for servicing our submarines at Everett, WA.

Admiral JONES. It's the carrier pier, Senator. We intend to put a carrier battle group——

STRATEGIC HOME PORTING

Senator STEVENS. Is that related to home porting rather than the Tridents?

Admiral JONES. Yes, sir; it is related to strategic home porting.

Senator STEVENS. Is that because of local opposition or because of some opposition in the House itself? Was that because of some environmental requirement in connection with the Everett people?

Admiral JONES. I believe the mark was made on the basis that there are environmental problems, and the House said stretch out, defer and delay the home porting program in general.

The House took about 40 percent of our total request for strategic home porting—marked about 40 percent of it out of the bill yesterday.

We have, in our view, a very sound program at Everett.

Senator STEVENS. Tell me this. I do not want to prolong this, because I have used enough of my time.

Everett is sort of in my scope of reference out there. I thought that that request, I mean the compromise we reached on Everett last year, was minimum funding to go ahead.

Now is this request before us for Everett an increase over the plan that was initiated last year?

Admiral JONES. No, sir; we had a congressionally imposed statutory cap for strategic home porting in Everett of $272 million. We intend fully to live within that cap at Everett. This was a logical——

Senator STEVENS. Your request pending would fund the amount on that cap?

Admiral JONES. It would be within the cap, sir. It would not be out of that. We asked for some in 1987, we only got a portion of what we asked for in 1987. We asked for more in 1988. We had more planned for 1989. But it would be within the cap, yes, sir.

Senator STEVENS. I think that is the most difficult problem we have in this subcommittee is to face the problem of home porting.

If I understand what the budget authorization committees are doing, because there is an inconsistency in the authorization and the budget mark as far as I can see.

Is that right?

Admiral JONES. Yes, sir; I would certainly agree with that. We have an overall cap imposed by the Congress of $799 million for strategic home porting nationally.

We have a carefully structured program to live within that cap. We have plans to ask for that money over fiscal years 1988, 1989, and 1990. The fact that Congress is not fully funding our request, which is within the cap, is only going to cause delays in IOC of the home ports. It is going to cause cost increases. It causes us not to be able to do the construction in an orderly fashion. It is very disruptive to our orderly planning and development of the strategic home ports nationwide.

Senator STEVENS. I think this is very labor-intensive money, is it not?

Admiral JONES. Yes, sir; it's all military construction.

Senator STEVENS. I do not understand what the House is doing on this. Mr. Eastin.

ENVIRONMENTAL CONCERNS MET

Mr. EASTIN. Senator, with respect to the environmental discussions we have had in Everett, we have worked out the dredging and the construction plan very carefully to take into account the State's concerns for the water quality in Puget Sound.

The State has issued us a water quality certificate. They are happy with our progress on the thing. We are obtaining a shoreline permit under their Shoreline Management Act.

The Corps of Engineers has issued a preliminary 404 permit out there that I think will go final here in the next month or so.

The environmental problems, as we see them, are behind us. So if they are cutting the program at Everett, it must be for some other reason.

Senator STEVENS. Mr. Chairman, I do have these questions under the Capua situation. I would like to submit them under the suggestion that I made that the Navy not respond if they are redundant to yours.

I also would like to say to the chairman that I intend to be over in the European theater sometime in June, and I think I would plan to take a trip down to Naples to take a look at the situation.

We are getting to the point now where we are getting conflicting information on so many different technical issues. I would like to prepare you for the fact that I will take a trip there, just a side trip, and spend 1 day there and see what the situation is.

Admiral JONES. Admiral Loftus is a resident of Naples, sir, and I am sure Admiral Loftus will be glad to——

Admiral LOFTUS. Senator, we welcome your visit. We found that almost everyone that has been there and has looked at these facilities and the problems has come back——

Senator STEVENS. I have been to Naples but I have never looked at this problem, and I do intend to do that.

I think maybe my good friend would like to join us on that. It does seem to me this is something we have to have an on-the-site look at.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Stevens. Senator Reid?

Senator REID. I have just a couple of questions, Mr. Chairman.

First of all, I had the opportunity with the then Majority Leader Jim Wright to visit the facility a couple of years ago.

DISTANCE OF FACILITIES AT CAPUA AND AGNANO

Tell me how close these two proposed facilities are in miles, the one at Capua and Agnano.

Admiral JONES. The site of Capua is 26 miles from Agnano. But that is really not relevant. Once we move out of Agnano, the distance between those two is not too relevant.

The thing that is relevent is that it is 22 miles from the port, but the Autostrata is available so it has convenient access, Senator.

Senator REID. My questions are similar to those that, of the other members of the committee.

I too have received information from the law firm and I think that if you have answered one question you have answered them all.

We are concerned about the earthquake question, and you did a good job of answering the question about the relative cost of renovation of the new facility. But if you would get those answers to us, I have some written questions and I will submit those also.

Admiral JONES. We will be glad to answer them for the record, sir.

CONSTRUCTION AT FALLON NAVAL AIR STATION

Senator REID. Admiral, the question I have that I would like you to supply to me, maybe the other members of the subcommittee are not interested, but I am, I would like to know, with all the activity that is taking place at the Fallon Naval Air Station this year, there is a lot of

construction going on there. We have nothing in the budget for next year that we are now talking about.

Would you give me a 5-year view of what you propose at the Fallon Naval Air Station?

Admiral JONES. Yes, sir; we can provide that for the record.

[The information follows:]

FIVE YEAR PROGRAM, NAVAL AIR STATION FALLON

Fiscal year 1988—No projects.
Fiscal year 1989—Maintenance hangar, $6,120,000; aircraft maintenance facilities, $1,500,000; and warehouse, $1,850,000.
Fiscal year 1990.—No projects.
Fiscal year 1991.—No projects.
Fiscal year 1992.—No projects.

Senator REID. Thank you very much.

Looks like it is just us here now. I do not know what the chairman has, I have no other questions, but I am sure he will return quickly.

The chairman is also a member of the Budget Committee, and we have a budget we are trying to get out which certainly has some bearing on what goes on here.

Admiral JONES. I wish him well.

Senator REID. The two facilities that we are talking about, just out of curiosity, the one in effect we are leasing, we are tenants and they are landlords, is that right, the facility in Naples?

Admiral JONES. Yes.

Senator REID. Would it be the same at the other one?

Admiral JONES. No, sir; we intend to go Navy military construction and build facilities at Capua that we would own.

Senator REID. OK. There would be a difference then. One would be landlord-tenant relationship, the other would be owned by the Navy.

Admiral JONES. Yes, sir.

Senator REID. OK.

Senator SASSER. Gentlemen, I am going to have to retire for a few moments. We are marking up the budget up on the sixth floor, and in my absence Senator Reid will preside. Senator Reid, I will get back here just as quickly as I can. In the event you have to leave just recess the committee and we will be back in short order. Thank you.

Senator REID. Thank you Mr. Chairman.

TOTAL FAMILY HOUSING DEFICIT

We discussed with you in general terms family housing. Being more specific, the subcommittee is interested in knowing what is your total family housing deficit.

Admiral JONES. The total family housing deficit as we see it out through 5 years, and as it was reported to the Congress by the Department of Defense on a triservice basis, is about 47,500 units. But of those 47,500, many of them, that is of the total requirement, many of those requirements will be satisfied by the private sector.

We believe that our actual buildable deficit is about 20,000 units Senator.

FAMILY HOUSING FOR E-1'S TO E-3'S

Senator REID. What portion of that deficit is to provide family housing for E–1's to E–3's?

Admiral JONES. About 5,000, sir.

Senator REID. How much would housing for these junior enlisted cost, or do you know, or could you supply that to us?

Admiral JONES. That really would depend on where they are being built, area cost factors, and so forth. I can provide that for the record.

[The information follows:]

COST OF E–1 TO E–3 HOUSING

The Navy has two unit sizes for E–1's to E–3's; that is, one bedroom at 650 net square feet and two bedroom at 750 net square feet.

At a location with an area cost index [ACI] of 1.00, a one bedroom unit would cost about $51,000 in a project of from 100 to 300 units. A two bedroom unit would cost about $59,000.

These prices are stated in fiscal year 1986 dollars and include all work beyond the 5-foot line (site work, utilities, roads and walks, recreation and landscaping) in addition to a 5-percent contingency and 5.5 percent SIOH (supervision, inspection, and overhead). The cost of land is not included.

HOME PORTING INITIATIVE

Senator REID. Can you summarize the home porting initiative this morning? Having been in the House, this of course is, or at least appears to me over there to be a much more sensitive issue, I assume because members of the House are representing specific districts. We represent States over here.

Can you summarize the home porting initiative this morning? How many ships are going to how many different locations?

I have read in the written testimony submitted by the Secretary about home porting and that was informative. But I am wondering if you can give to the subcommittee the information I requested, namely the home porting initiative generally. How many ships are going to how many different ports?

Also tell us if you believe you will be able to live within the $799 million dollar cap.

Many members believe the construction program is very ambitious and you will not be able to live within this figure.

Would you give answers to those questions please?

Admiral JONES. Yes, sir.

I think it would be probably easier to answer for the record the numbers of ships exactly that are going to each home port. We will do that for the record.

[The information follows:]

Ships to be homeported at each site as a part of the Strategic Homeporting Program are summarized as follows:

Staten Island, NY.—Battleship (BB)—U.S.S. *Iowa*; guided missile cruiser (CG); destroyer (DD); two guided missile destroyers (DDG); and two Naval Reserve frigates (FF).

Pensacola, FL.—Aircraft carrier (CV)—U.S.S. *Kitty Hawk*; and Naval Reserve craft of opportunity (COOP).

Mobile, AL.—Two guided missile destroyers (DDG); two guided missile frigates (FFG); and Naval Reserve minesweeper/hunter (MSH).

Pascagoula, MS.—Two guided missile cruisers (CG); and two guided missile destroyers (DDG).

Lake Charles, LA.—Oiler (AO); and two Naval Reserve craft of opportunity (COOP).

Galveston, TX.—Two Naval Reserve guided missile frigates (FFG); two Naval Reserve minesweeper/hunters (MSH); and Naval Reserve craft of opportunity (COOP).

Ingleside, TX.—Battleship (BB)—U.S.S. *Wisconsin*; guided missile cruiser (CG); guided missile destroyer (DDG); training aircraft carrier (CVT); and Naval Reserve craft of opportunity (COOP).

Key West, FL.—Repair ship: Small (ARL); and salvage ship (ARS).

Gulfport, MS.—Naval Reserve craft of opportunity (COOP).

Everett, WA.—Aircraft carrier (CVN)—U.S.S. *Nimitz*; two guided missile cruisers (CGN); two guided missile destroyers (DDG); two destroyers (DD); two guided missile frigates (FFG); two Navl Reserve guided missile frigates (FFG).

San Francisco, CA.—Battleship (BB)—U.S.S. *Missouri*; guided missile cruiser (CG); four Naval Reserve frigates (FF); and two Naval Reserve mine countermeasures vessels (MCM).

Long Beach, CA.—Four frigates (FF).

Pearl Harbor, HI.—Guided missile cruiser (CG); and three destroyers (DD).

LOCATION OF BATTLESHIP SURFACE ACTION GROUPS

Admiral JONES. In general, we propose to put a battleship surface action group in Staten Island in New York, a carrier battle group along the gulf coast in Florida, Mississippi, Alabama with the carrier being in Pensacola and the supporting vessels in Mobile and Pascagoula.

We intend to put a battleship surface action group in Corpus Christi, and a carrier battle group in Everett, WA, and a battleship surface action group generally in the San Francisco area.

So that is in general how the ships are being distributed.

EXPANDING INDUSTRIAL SUPPORT BASE

Senator REID. Admiral, reading from the statement of Secretary Eastin, I find this interesting and maybe you would like to give the basis for the statement that he made.

"By developing these ports we will be expanding our industrial support base." Tell what is meant by that statement.

Admiral JONES. Well, we like to do our ship repair for instance, Senator, in an area where the ship is home ported. Thus, you do not have to disrupt the families by taking the ship and moving it somewhere else for repair.

There is a very well developed shipyard capability, along the gulf coast for instance. So we are putting ships in Mobile. We will be able to do ship repair in facilities that are right there in Alabama without moving the ship.

So it will contribute to the development of the industrial base because we will be having ships at areas where there is an existing ship overhaul capability.

Senator REID. The statement also is made that use of additional less concentrated ports will improve our defensive posture by complicating enemy mine, cruise missile, and attack submarine targeting. That is fairly obvious. If things are spread out that would be more difficult.

The diverse geographical location of these ports will allow us to operate and train in varying environments with a reduction of transit time. That statement also is, I think, self-explanatory.

The Everett and Staten Island ports provide us with quick access to the Northeast and Northwest sealanes and ports. At the present time is that not the case?

Admiral JONES. No, sir; we have no surface Navy capability in the Northwest for instance.

We have, of course, the Trident submarine base at Bangor, but there is no surface capability in the Northwest.

There is very limited surface capability in the Northeast.

I think it is important to note from a threat standpoint that the Soviet presence in the northern Pacific has grown and increased immensely over the last several years. Soviet operations in the northern Pacific are something that are very much a real concern to the Commander in Chief, U.S. Pacific Fleet.

Senator REID. Admiral, we talk alot about our 600 ship fleet.

SOVIET NAVAL STRENGTHS

How many ships do the Soviets have? What is the estimate?

Admiral JONES. I would have to take that for the record sir, I do not know.

Senator REID. Not a bad question though. I have often wondered that. Will you also supply that to us?

Admiral JONES. Yes, sir.

[The information follows:]

ESTIMATE OF NUMBER OF SOVIET SHIPS

The following chart summarizes the Soviet Naval Forces, excluding naval aviation (Source, DOD Soviet Military Power, 1987).

Kiev-class guided missile/VSTOL aircraft carriers	4
Principal surface combatants	284
Other combatant ships	408
Combatant craft (Coastal capability only)	765
Auxiliaries	300
Submarines	373
Total	2,134

Differentiations must be made between specific ship classifications and missions when comparing the Soviet Navy to the planned United States 600 ship Navy. While this reduces the value of numerical comparisons, it is significant that the Soviet Navy is large in numbers of ships, and is now building warships and submarines that are comparable with Western warships in size and capability. However, even with Warsaw Pact navies included in the Soviet count, NATO forces maintain a cumulative edge in principal surface combatants, aircraft carriers, patrol combat vessels, amphibious warfare ships, and mine warfare ships.

In modernizing naval forces, the Soviets have demonstrated that they move faster to get new technologies into the fleet than does the United States. The Soviet emphasis on advanced technology in submarines fits into its naval warfare concept that the main striking force of the navy is submarines and land-based aircraft. At this time five submarines classes are probably in series production with indications there are two or three more classes under development.

The most dramatic shift in Soviet naval trends during the early 1980's has been the investment in surface ships. Shortly after the decision to build the Kiev-class VSTOL carriers, another ambitious ship program was initiated, the battle cruisers of the Kirov-class. Also, they are undertaking the construction of large-deck, nuclear-powered aircraft carriers and large amphibious assault and support ships. The 65,000-ton carriers will give the Soviets sufficient carrier aircraft to support carrier combat operations beyond the range of land-based aircraft.

The Navy recognizes the quantitative and, especially, the qualitative advances being made by the Soviet Navy. It was this threat that prompted the administration to embark on development of a modern, 600-ship U.S. Navy. The shipbuilding and modernization program will enable the United States Navy to maintainits superiority at sea and to counter the increasing threat of the Soviet fleet.

RECESS

Senator REID. The committee will recess at this time, pending the call of the Chair who should be back momentarily. So if we could ask everyone to be at ease and just relax.

[A brief recess was taken.]

TACAMO AIRCRAFT BASING

Senator SASSER. The committee will come to order.

Gentlemen, I apologize once again for delaying the proceedings. I looked at my schedule, and I have six committee meetings this morning between the hours of 9 and 10:30 a.m. So that is really the reason for the delay.

Now, gentlemen, another very controversial issue before the subcommittee is the decision to base the Navy's new Tacamo aircraft at Tinker Air Force Base in Oklahoma.

Earlier this year, when the subcommittee received information from the General Accounting Office that construction could be accomplished at less cost at Little Rock Air Force Base in Arkansas, I suspended design activities until all of the issues could be fully aired and could be fully cleared up.

At this point in the record I want to insert a copy of the GAO's report on this matter. I will also insert a copy of my letter dated February 5 and the response that Secretary Ev Pyatt sent me dated March 3.

[The information follows:]

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

February 5, 1987

Rear Admiral John Paul Jones, Jr.
Commander
Naval Facilities Engineering Command
Department of the Navy
Washington, D. C. 20301

Dear Admiral Jones:

On January 29, the Committee received a notification of intent to award an architect-engineer contract for the design of aircraft support facilities at Tinker Air Force Base to support the Navy's new TACAMO aircraft.

Last year, I joined Senator Dale Bumpers and Senator David Pryor in requesting that the General Accounting Office provide us with a report outlining the cost of alternatives to Tinker. The GAO has provided us with a preliminary report indicating that the mission could be supported at Little Rock Air Force Base for less than half the facility cost at Tinker. GAO also confirms that TACAMO facility costs would be less at Dyess Air Force Base and Millington Naval Air Station.

In addition, the GAO reports that the decision to move the TACAMO mission from present locations to an inland base may necessitate the procurement of an additional E-6A aircraft at a cost of $60 million in order to assure mission accomplishment from greater distances.

In view of the findings of the GAO, the Committee places an indefinite hold on the design of any facilities, either permanent or temporary, which would support the new TACAMO mission.

It is my preliminary view that the Navy has failed to adequately document the decision to base the new TACAMO aircraft at Tinker. Therefore, before the Committee will be in a position to permit design activities to be initiated, a thorough and complete justification of the Tinker basing decision must be submitted, along with a study of each of the identified locations which could result in construction savings. The justification should also include a documented study which outlines the need to move the TACAMO mission to an inland base.

I have included a copy of the GAO's briefing paper for your use and information. I look forward to receiving the requested information in writing as soon as possible so this issue can be resolved.

Sincerely,

Jim Sasser, Chairman
Subcommittee on Military
Construction

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(SHIPBUILDING AND LOGISTICS)
WASHINGTON DC 20360-5000

MAR 13 1987

The Honorable Jim Sasser
United States Senate
Washington, D.C. 20510-6025

Dear Senator Sasser:

This is in response to your letter of February 5, 1987, concerning the selection of a main operating base (MOB) for the E-6A aircraft.

With the deployment of the E-6A, the Navy will, for the first time, have a command and control link to the TRIDENT force which is capable of matching the survivability and endurance of TRIDENT itself. To maximize E-6A survivability against Soviet attack, the Navy decided, concurrently with the decision to build the aircraft, to base the TACAMO fleet in the continental United States. This decision could be made because of the aircraft's long range and high speed which allows us to fly the aircraft from CONUS bases and connect with TRIDENT submarines in both the Atlantic and Pacific Oceans. Further, CONUS basing permits us to (1) in periods of high DEFCON, place every aircraft on strip alert at less vulnerable airfields where they can be launched for survivability prior to impact of a nuclear strike; (2) operate the E-6A in such a manner that the aircraft will be able to reach surviving CONUS bases; and (3) protect the operational, logistics and maintenance support systems for TACAMO. The United States does not have this operational flexibility with the EC-130Q because of severe limitations in aircraft range and speed.

When we decided to collocate the East and West Coast TACAMO squadrons at a mid-CONUS base, Tinker AFB was our first choice. E-6A commonality with the USAF E-3A AWACS weapon system, already supported at Tinker, provides significant economies in operational, maintenance and logistics support of both communities. Specifically, E-3A depot and organizational level maintenance facilities are already established at Tinker. These facilities will provide immediate maintenance support to TACAMO aircraft in the critical areas of engine, flight related avionics systems, and airframe systems. Additional cost savings come from joint use of aircrew and maintenance training facilities. Finally, existing base support facilities will preclude Navy having to build new facilities at another location.

Navy requested from Air Force a list of bases as candidates for locating the E-6A at a mid-CONUS site and the Air Force responded with a list that did not include Tinker. After Navy preliminary site surveys at each base, we obtained permission from the Air Force to survey Tinker because we remained convinced this base was the prime location because of existing E-3A support. The Navy conducted a thorough survey of Tinker and estimated the cost of locating TACAMO at Tinker assuming no existing Air Force support facilities could be made available. Based on discussions with the Air Force, we are now working to refine the original Tinker survey cost estimate and are confident that facility requirements and construction costs will be considerably less than our initial unconstrained estimate.

Since we conducted these preliminary surveys, the availability of facilities at Little Rock and Dyess AFB's has changed. The Army now plans to utilize two buildings at Little Rock that were originally considered available for E-6A support.

Further, the Air Force plans to use Dyess for B-1 support. Consideration of these developments along with a revised estimate of supply and support equipment stand up needs at Little Rock has driven the costs of siting at each of these bases substantially above initial estimates. Use of NAS Memphis would require extensive runway and taxiway construction as well as other facility improvements which makes it a very expensive option we cannot afford.

Your letter indicated that the GAO report, which Navy has not had the opportunity to review, raised the possibility of the need for a sixteenth aircraft. We do not agree. Our analysis clearly shows that through judicious use of aerial refueling (a procedure we use in peacetime to ensure a wartime capability), we can fully perform the TACAMO mission from mid-CONUS and alert bases with the current planned buy of 15 E-6A aircraft.

Throughout the E-6A program, the Navy has achieved cost savings of hundreds of millions of dollars through an aggressive procurement strategy, highly successful contract negotiations with Boeing and a fleet introduction plan that uses existing avionics equipment removed from EC-130Q aircraft to equip the E-6A. It is, therefore, critical that this new strategic asset be well supported and free to operate without degradation to mission readiness. We are convinced that basing the squadrons at Tinker will achieve these goals at the lowest cost to the taxpayer.

I request your full support of our plan to base E-6A aircraft at Tinker. We will forward to your committee a revised MILCON plan as soon as our negotiations with the Air Force are complete. Thank you for your support of a strong Navy.

Sincerely,

NAVY CONSTRUCTION

Issues on the Proposed Move of the Naval Support Activity, Naples, Italy

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-226374

March 6, 1987

The Honorable Les Aspin
Chairman, Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

This report responds to the Committee's request in House Report 99-718, dated July 25, 1986, that we review seismic, security and cost issues pertaining to the Navy's plan to relocate the Naval Support Activity from the Agnano area of Naples, Italy, to a new location in Capua, Italy, some 25 miles away. Your office also asked us to assess mission capability at Agnano and to evaluate a study that the House Committee on Appropriations directed the Navy to perform on the proposed move.

The support facilities in Agnano are leased by the Navy. The Navy wants to move from these facilities because the current site is threatened by seismic activity, is susceptible to security threats, and has other drawbacks that make it inadequate.

The facilities are located in a volcanic crater. The area is subject to the threat of bradyseismic earthquakes--periods of low intensity tremors resulting from underground volcanic activity--as well as the threat of a volcanic eruption. Two recent episodes of bradyseismic activity occurred from 1970 through 1972 and from 1982 through 1984. Like much of Italy, the area is also subject to the threat of tectonic earthquakes--earthquakes that result from movements of the earth's surface, such as in California.

The Capua area is subject only to tectonic earthquakes. Navy studies conclude that even though Capua is located 15 miles closer to the main tectonic fault line than is Agnano, the overall tectonic threat is no higher than at Agnano. In addition, the new buildings to be constructed at Capua would comply with current seismic construction codes. Our review of seismic risk studies showed that some of the assumptions used by the Navy consultant may overstate the risk at Agnano. Nevertheless, it is clear that the Agnano buildings lack adequate seismic protection.

Navy studies show that recent seismic activity around Agnano did not structurally damage the Naval Support Activity's buildings, and that the period of seismic activity that caused nonstructural damage ended in 1984. However, Navy analyses also show the buildings lack features needed to withstand earthquake forces that can be reasonably expected to occur in the future. In addition, the buildings were constructed with substandard materials, workmanship and design. Navy studies conclude that the buildings are not in imminent danger of collapse; however, if they are to be occupied on a long-term basis they need to be seismically upgraded and functionally improved.

There are a number of security concerns at Agnano, including poor access to the base, being surrounded by high ridges and urban development, and a lack of a "clear zone" around the base. The Navy believes these concerns would be difficult to overcome. The design for the new base would provide better security, including features that the Agnano buildings lack.

In addition to its security concern, the Navy also states that the Agnano compound no longer effectively supports its operations in Naples. In particular, the Navy believes that a new command, control, communications and intelligence building and hospital are essential because of space limitations and functional deficiencies. While Agnano can be expanded to provide these facilities, other problems would not be resolved:

--The Navy would be purchasing or leasing substandard 25-year-old buildings that would have to be upgraded and renovated at considerable expense and disruption.

--After such an investment, many of the existing security problems, including topography, urban encroachment and poor access, would remain.

--The base would still be subject to the threat of a volcanic eruption.

--There is no assurance that necessary land for expansion could be acquired.

--The base would be poorly laid out.

The Navy estimates it will cost a total of $358 million to build and equip a new base at Capua and $448 million to develop equivalent facilities by purchasing, upgrading, and expanding Agnano. The Navy's cost estimate for a new base at Capua did not include all costs associated with the relocation. After considering these costs, as well as making certain foreign exchange and inflation adjustments to the Navy's estimates to make them comparable with each other, we found it would cost $27.9 million less to move to Capua than to

purchase, upgrade, and expand Agnano to provide equivalent facilities.

The enclosed appendixes provide more detailed information on the condition of the buildings at Agnano, the comparative seismic threat at Agnano and Capua, security issues, and our analysis of the cost estimates. They also discuss a Navy report to the House Committee on Appropriations on the relocation, which your office requested we evaluate. Our review included a visit to the Naples Support Activity, a review of pertinent documentation, discussions with Navy officials responsible for planning the relocation and interviews with seismologists in Italy and a representative of the principal owner of the buildings at Agnano.

The views of directly responsible officials were sought during the course of our work and are incorporated in the report where appropriate. We did not obtain the Department of Defense's comments on a draft of this report. Our work was performed in accordance with generally accepted government auditing standards.

Unless you publicly release its contents earlier, we will make the report available to other interested parties 7 days after the issue date. At that time copies of the report will be sent to appropriate congressional committees; the Secretary of Defense; and the Secretary of the Navy. Copies will also be made available to other parties upon request.

Sincerely yours,

Frank C Conahan

Frank C. Conahan
Assistant Comptroller General

APPENDIX I

THE NAVAL SUPPORT ACTIVITY

The Navy plans to move its Naval Support Activity Naples, Italy, from leased facilities in the Agnano area to a new facility it plans to construct near Capua, about 25 miles north of the present site. The relocation is currently estimated by the Navy to cost $358 million, and would be funded over a 5-year period.

Accordingly, the Navy plans to move because the Agnano site

--is seriously threatened by seismic activity,

--is susceptible to terrorism and security threats,

--lacks sufficient space and has other drawbacks which make it no longer adequate to support its mission, and

--is more costly to bring up to Navy standards than to relocate.

In November 1982, the House Committee on Appropriations indicated that it was concerned with the adequacy of the facilities in Naples. These concerns centered on escalating lease costs, crowded and dispersed facilities, and the lack of adequate family housing. The Committee requested the Navy to submit a plan showing how it intended to address such problems. In February 1985 the Navy submitted a report, Upgrading the Naples Complex: An Overview, and concluded that it needs to relocate and build a base in the Naples area.

In early 1983 the Navy decided to pursue development of a site to replace Agnano because of increasing costs of the leases and mission problems. However, by January 1984 seismic activity also became a serious concern. As a result, the Navy decided to ask for fiscal year (FY) 1987 military construction (MILCON) funds to begin relocating the facilities away from Agnano. The Navy's FY 1987 MILCON budget requested $66.9 million for the first phase of a new command, control, communications and intelligence (C3I) complex; hospital; and school.

The House Committee on Armed Services recommended that funds be denied because it did not believe construction should be initiated for a new naval base overseas at a time when the defense budget was being drastically reduced. Also, the committee was concerned over the conflicting testimony it received on the seismic danger, new base security, and the benefits expected from relocating the complex.

BACKGROUND ON THE NAVAL SUPPORT ACTIVITY, NAPLES

Naval Support Activity, Naples, was established in 1951 to provide support to U.S. personnel assigned to North Atlantic Treaty Organization's (NATO's) Allied Forces Southern Europe (AFSOUTH) headquarters and to coordinate fleet services. For several years, the Support Activity leased various facilities throughout the area. In 1963 the Navy began consolidating its activities at the present site in the Agnano area. All the buildings were acquired through the lease construction method; that is, they were built by the landowner to meet the general requirements of Navy, then leased back.

By 1968 the Agnano facilities consisted of seven major buildings. Since then the Navy's presence has grown and it has leased additional facilities. For example, the school was relocated, and a Navy exchange warehouse, gymnasium, post office, and athletic

field have been added. Currently, the Navy has 24 leases for about 60 facilities. In 1986 the total cost of these leases was about $3.8 million.

The Navy leases family housing facilities at Pinetamare, Italy, about 18 miles from Agnano; cargo facilities in the Port of Naples; and outdoor recreation facilities at Carney Park, several miles from Agnano. The Navy also has an agreement to use facilities at the Capodichino municipal airfield, and is relocating its supply operation from Agnano to Capodichino. In addition, the Navy has communications activities located at the NATO headquarters nearby, and homeports the Sixth Fleet flagship about 40 miles north of Agnano.

As of September 1986, there were about 9,200 U.S. military, civilian, and dependent personnel in the Naples area. The primary mission of the Support Activity is to provide service to Navy personnel in the Naples area. As a result, the Agnano base is the location of community support activities such as shopping facilities, schools, hospital, and other services. NSA also operates public works, supply, and controller departments to maintain the facilities and base infrastructure. In addition, C3I and Naval Security Group Activity facilities are located at Agnano. Table I.1 is a breakdown of the population by major activity.

Table I.1 Activities and Population

Activity	Military	Civilian	Dependent	Total
AFSOUTH	790	--	947	1,737
U.S. National Staffs	523	13	724	1,260
Naval Support Activity	466	143	782	1,391
Naval Communications Master Station	647	20	751	1,418
Naval Security Group Activity	207	--	230	437
Naval hospital	275	27	467	769
Miscellaneous tenants	178	33	288	499
Subtotal, Naples	3,086	236	4,189	7,511
Sixth Fleet Flagship and Gaeta	751	27	987	1,765
Total	3,837	263	5,176	9,276

THE RELOCATION PLAN

In total, the Navy's relocation involves 24 separate construction projects to be funded over a 5-year period. It estimates that construction costs would be about $252.1 million, including $43.1 million in nonappropriated funds. Relocation, start-up, and equipment costs would bring the total cost of the relocation to over $358 million. Fiscal year 1988 funds totaling $54.9 million are being requested by the Navy for the first two projects--the first phase of a C3I complex and a hospital.

The relocation will involve moving virtually all the functions now located at Agnano to the new base. In addition, the Naval Communications Master Station, Mediterranean (NAVCAMSMED), which now occupies space in the NATO compound, will move to the new base. The only activity that will not move is the supply department, which is being relocated to Capodichino airfield, where new supply warehouses and an air cargo terminal are to be constructed. The estimated cost of these projects is $12.9 million.

Some facilities are planned for Capua which Agnano currently does not have. For example, the Navy plans to construct up to 10 senior officer quarters, explosives storage structures, military working dog kennel facilities, and a bowling alley.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Chairman, Committee on Armed Services, requested us to provide a comparison of the seismic threat at the current and proposed locations, an analysis of the costs of relocating versus upgrading the present facilities, and an analysis of the security issues. The committee requested this review because of the conflicting testimony it received on these issues. In a later meeting with committee staff, we were also asked to assess mission capability at Agnano and evaluate a study that the House Committee on Appropriations had directed the Navy to perform on the proposed relocation.

In performing our review, we analyzed documents on the seismic conditions at Agnano and Capua, the structural condition of the buildings at Agnano, security at both sites, and other issues affecting the Navy's ability to effectively carry out its mission at Agnano. We also evaluated the Navy's comparisons of the cost of relocating versus staying at Agnano, which are contained in the Navy's report to the House Committee on Appropriations. In addition, we received briefings from and interviewed officials from the Naval Support Activity, Naples; Headquarters, Commander-in-Chief, U.S. Naval Forces, Europe (CINCUSNAVEUR), in London, England; the Naval Facilities Engineering Command, Atlantic Division and U.S. Navy Headquarters. We also interviewed several experts in the fields of volcanology and seismology, as well as the principal landlord at Agnano.

Our review was performed between September 1986 and February 1987 in accordance with generally accepted government auditing standards. The views of directly responsible officials were sought during the course of our work and are incorporated in the report where appropriate. We did not request the Department of Defense to review and comment officially on a draft of this report.

APPENDIX II

SEISMIC AND STRUCTURAL ISSUES

According to the Navy, the threat of seismic activity and the structural condition of the leased facilities at Agnano require relocating to new facilities. The Navy states that its leased facilities at Agnano are deficient with respect to earthquake safety and were not built to withstand the seismic stresses that could reasonably be expected to occur. It predicts that over time, structural degradation of the facilities has the potential for complete structural collapse, with attendant risk to human life. The Commander, Naval Facilities Engineering Command, has characterized the situation of Agnano as life threatening and "a Mexico City waiting to happen".

We found that the U.S. facilities at Agnano:

--Do not meet contemporary U.S. and Italian seismic building standards. Further, the buildings contain numerous deficiencies in design, workmanship, and quality of material, which could render them vulnerable to earthquakes.

--Have not experienced significant structural damage to date and in the absence of seismic activity they are not in danger of structural collapse. As such, they are safe for occupancy and do not pose an imminent risk. Serious nonstructural damage has occurred, however, and is now being repaired.

--Can be seismically upgraded, but such a project would, according to a Navy consultant, be difficult.

--Face the threat of tectonic and volcanic earthquakes, and the potential for a volcanic eruption. The proposed location at Capua is outside the volcanic threat area, but still faces the threat of tectonic earthquakes.

In addition, the Navy's estimate of the seismic events reasonably expected to occur at Agnano may be overstated because of certain assumptions used by a Navy contractor to quantify the risk.

THE STRUCTURAL CONDITION OF THE AGNANO FACILITIES

Agnano's reinforced concrete buildings do not contain the seismic protection features of buildings built in the United States and Italy in the 1970s. Major improvements have occurred in U.S. and Italian seismic building design codes. Reinforced concrete buildings built before 1970 are, according to a Navy consultant, also of considerable concern in California today.

In addition, the Agnano facilities suffer from numerous deficiencies in design, workmanship, and quality of material. As a result, the Navy experienced numerous and significant construction and maintenance difficulties almost immediately after accepting the buildings: cracks in the walls, damage to exterior tiles, roof leakage and deficient water and power systems. In a 1970 report,[1] we attributed these problems to weaknesses in the Navy's management of the Agnano lease construction program.

The Navy's conclusion that its facilities are deficient with

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[1]Improved Procedures Needed for Obtaining Facilities for U.S. Naval Support Activity, Naples, Italy by Lease-Construction Method (B-167007), dated January 6, 1970

respect to earthquake safety stems from a series of structural assessments performed by Navy engineers and structural consultants. These studies, including one performed as part of a January 1987 report to the House Committee on Appropriations, all report fundamental weaknesses in the design and construction of the Agnano facilities. For example, each of the reports cites inadequate steel reinforcement in the concrete beams and columns and the lack of certain beams that are necessary to withstand seismic stresses. Overall, they state that earthquake stresses were probably not considered in the design and construction of the facilities.

Based upon these studies, the Navy concludes that the buildings are not expected to withstand the earthquakes that are reasonably expected to occur in the region. The January 1987 structural engineering study concluded that the buildings could totally or partially collapse if they were subjected to about one half of the ground acceleration the Navy seismic consultants believe could be experienced at Agnano from earthquake.

STRUCTURAL DAMAGE HAS NOT YET OCCURRED

The Agnano buildings have not yet sustained significant structural damage. However, cracks have been found in building columns, and serious nonstructural damage has occurred. The buildings are not at this time in any danger of structural collapse--as such, they are viewed as safe for occupancy and do not pose an imminent safety risk to their occupants.

Low level volcanic earthquakes experienced from 1982 to 1984 created cracks in the interior walls. The walls were not reinforced and were in danger of collapsing and injuring the occupants. Although the walls are nonstructural, they provide, according to engineers, a measure of rigidity between structural members and tend to take the load during earthquakes. Navy engineers concluded in an October 1984 report that if the tremors continued and the walls were not repaired, structural damage would occur. These engineers told us that because of the damage to the walls, the buildings will now be more vulnerable to structural damage if the tremors resume.

Damage to the walls has been or is being repaired. The Support Activity is completing a 3-year, $2.2 million program to repair nine buildings, including the administration building, high school, barracks, commissary and exchange facilities, warehouses, and other office buildings. The repair projects involve removing the existing plaster and placing wire mesh on both sides of the wall to prevent collapse. These repairs will not strengthen the buildings structurally, but will protect the building occupants. The NSA Public Works officer characterized the repairs as bringing the buildings back to their pre-1982 condition. The Navy Medical Command has not authorized any seismic repairs for the hospital because of plans to construct a new hospital.

RETROFITTING EXISTING BUILDINGS

In 1986, both the Navy and the Agnano lessor hired structural engineering consultants to evaluate the feasibility of seismically upgrading the facilities. Both consultants proposed adding reinforced concrete shear walls to provide the required measure of earthquake resistance, but sharply disagreed about the costs of upgrades.

The Navy consultant concluded that the buildings could be seismically upgraded, but that such a project would be difficult.

This is because

--uncertainty exists due to a lack of confidence in the building's structural quality;

--strengthening the building foundations to accommodate the new shear walls is complicated; and

--reinforcing concrete structures and joining new and old building structures is difficult and is further complicated by the age and poor condition of the Agnano buildings.

In addition, the consultant stated that the process of installing the shear walls would be disruptive, and at times dangerous, requiring that buildings be evacuated during parts of the process.

The Navy consultant estimates the upgrade cost at $132 million. One reason for the high cost is because of the degree of seismic protection proposed for the hospital and administration building. These two buildings would be upgraded to "continuous operations" standards--ensuring not only that the structure and occupants are protected, but that the utilities, communications and infrastructure would continue to operate. Without this additional level of protection, the Agnano seismic upgrade is estimated to cost $87 million. All other buildings would be upgraded to ensure the integrity of the structures and the safety of the occupants.

Because the consultant's report provided no detail on how the seismic upgrade costs were estimated, we asked the consultant to describe the assumptions and methodology used. We were told that professional experience and past U.S. Navy cost data were used to estimate the costs. However, no additional details were provided.

A structural engineer hired by the lessor proposed retrofitting the existing buildings for $10 to $15 million. His plan also proposes the building of concrete shear walls, and would, according to the engineer, bring the buildings into conformance with current Italian building codes.

We found the plan prepared by the lessor's engineer was insufficiently detailed to allow an assessment. A Navy engineer told us that the shear wall construction is a sound approach, but that the plan is deficient because it:

--recognizes only the need to provide horizontal building strength where no beams currently exist, not the need to strengthen the existing horizontal beams;

--assumes the buildings foundations are already sufficiently reinforced; and

--contains no provision to upgrade the hospital and administration building to "continuous operations" standards.

NATO's AFSOUTH headquarters upgraded three buildings to meet current Italian seismic standards. A comparison with Agnano is not possible because NATO's buildings are smaller, older and (according to NATO officials) have sustained greater seismic damage than Agnano's buildings. These projects were carried out by the NATO landlord, and AFSOUTH officials could not provide a cost estimate. However, during the last 4 years when the buildings were upgraded, the total amount spent at AFSOUTH on this and other maintenance work was about $3.3 million. Consequently, the cost of the upgrade project was less than $3 million.

SEISMIC CONDITIONS AT AGNANO AND CAPUA

Agnano and Capua face, as does most of Italy, the threat of tectonic earthquakes. Tectonic earthquakes result from the collision of two plates of the earth's crust, like the San Andreas fault in California. But the Agnano area, because it is located within an area of localized volcanic activity, faces two additional geological hazards: volcanic tremors known as "bradyseisms" and the threat of a volcanic eruption.

According to the Navy's January 1987 study, the seismic threat at both Agnano and Capua can be mitigated using standard engineering and construction practices by either upgrading the existing facilities or constructing new ones. No engineering solution, however, can protect the buildings from the effect of a volcanic eruption.

Tectonic earthquakes

The Navy believes high-energy tectonic earthquakes pose the most serious threat to its personnel and facilities. Italy's major tectonic fault line is located in the Apennines Mountains, about 50 miles from Agnano and about 35 miles from Capua. The preponderance of earthquakes in Italy emanate from this fault.

A 1984 study by Navy structural engineers stated that 25 tectonic earthquakes centered within 100 miles of Agnano registered at least 5.0 on the Richter scale since the early 1900s. Several were strongly felt at Agnano. The 1980 Naples earthquake was centered some 50 miles from Naples, measured 6.5 on the Richter scale, killed 5,000 people, and caused considerable damage. The earthquake was felt at Agnano and caused minor damage, producing 70 percent of the force which the Navy's 1987 study says could cause a partial or total collapse of its facilities.

In addition to the major Apennine tectonic fault, east-west fault lines known as the Anti-Apennine trend also run near both Agnano and Capua. According to experts, little is known about these faults' level of activity and role in tectonic events in Southern Italy.

Bradyseismic earthquakes

The Agnano base is located within an active volcanic area known as the Phlagraen Fields, a pool of volcanic magma formed during a violent volcanic eruption 35,000 years ago. Movement of the magma causes the ground to rise, resulting in bradyseismic earthquakes. These are localized and moderate earthquakes, unlike tectonic earthquakes, and hundreds have occurred in a single day.

Scientists do not have a clear picture of when bradyseismic earthquakes have occurred and how strong they were. They have, however, traced the uplift of the ground, which causes the tremors. Dramatic rises in the earth and increased seismic activity preceded the last volcanic eruption in the Phlagraen Fields, in the 1500's. Following that eruption, the ground steadily subsided until 1970, when the volcanic activity and ground uplift began anew.

The first bradyseismic crisis in modern times occurred from 1970 to 1972. The ground rose 5-1/2 feet, while tremors were felt at Agnano they were not seismically significant. The uplift and tremors stopped for 10 years, but resumed again in late 1982. This time the tremors were more intense. By the spring of 1983, an earthquake measuring 3.0 on the Richter scale had occurred, and in October 1983, a 4.2-magnitude event occurred. In April 1984, almost 500 tremors occurred within 6 1/2 hours. Between 1982 and 1984 the ground uplifted almost 6 feet. It slowed in October 1984,

and by December 1984 the tremors and uplift had stopped. Since then, the ground has subsided slightly, and tremors have not resumed.

Scientists consider it highly unlikely that bradyseismic tremors would ever exceed 4.5 to 5.0 on the Richter scale, a moderate magnitude. Navy engineers do not believe that bradyseismic tremors can cause catastrophic damage to NSA facilities, but are concerned about the potential cumulative effect of several strong tremors over a short period of time. Over the long-term bradyseismic activity can be expected to occur at Agnano, which equals, but probably does not exceed the magnitude of those earthquakes already experienced.

Volcanic eruption

According to the United States Geological Service (USGS) representative in Naples, the volcanic area around Agnano is active, and an eruption some time in the (perhaps distant) future is inevitable. An eruption would be preceded by increased seismic activity, chemical changes, and dramatic ground uplift. According to the USGS representative, these phenomena were observed during 1970 to 1972 and 1982 to 1984 and should be viewed as a long-term warning of a possible volcano eruption in the area. Scientists are not able to predict when a volcanic eruption will occur with any degree of certainty. The warning time given is measured in days or weeks.

Agnano is located about 2 to 3 miles from the center of the area which scientists view as the most probable site of a future eruption. Capua is located outside the Phlagraen Fields areas and faces neither the threat of bradyseismic earthquakes or a volcanic eruption.

COMPARING THE SEISMIC RISK AT AGNANO AND CAPUA

The Navy has done two studies to quantify and compare the relative seismic risks at Agnano and Capua. A third study reviewed the seismic risk at just Capua and established the criteria for seismic resistant design at the new base. For Capua, the studies concluded that there is a risk of tectonic earthquakes, but new buildings can be designed to withstand expected forces. As discussed below, one Navy study concludes that the seismic risk at Agnano is greater then it is at Capua. Another study concludes the risk at the two locations is about the same.

The Navy's most recent study, performed under contract at the direction of the House Committee on Appropriations states that seismic activity that would cause the partial or total collapse of Naval Support Activity facilities can reasonably be expected to occur at Agnano. According to the report, such seismic stress has a 41-percent chance of occurring within a 50-year period. Over a 100-year period, the probability increases to nearly two in three chances. The report further states that the expected seismic activity at Agnano is more serious than that at Capua.

To compile its estimate, the contractor made certain assumptions on the recurrence and strength of bradyseismic and Anti-Apennine earthquakes. Based on discussions with scientists, we believe some of these assumptions may have been in the nature of "worse case" scenarios and could overstate the seismic risk at Agnano. For example, the contractor assumes that:

--Bradyseismic earthquakes will occur in 10-year cycles for the foreseeable future.

Scientists we interviewed believe that bradyseisms are tied to a resumption of volcanic activity in the area but intervals of recurrence cannot be predicted. Bradyseisms accompany rapid ground uplift. As ground levels declined between the 1500s and 1970s, the area may not have experienced any significant bradyseismic activity for 500 years.

--Bradyseismic earthquakes registering 4.5 on the Richter scale will occur every 10 years.

Scientific data shows that tremors of that magnitude did not occur during the 1970 to 1972 crisis; a tremor of 4.2 in October 1983 is the highest recorded bradyseismic tremor in modern times.

--Bradyseismic tremors could register 6.0 on the Richter scale.

Scientists we talked with, including the Director of Italy's Vesuvius Observatory and the USGS representative in Naples, agree that bradyseisms will not exceed 5.0 on the Richter scale. In response to our question on this matter the contractor stated that assuming 6.0 Richter tremors does not appreciably increase the seismic risk at Agnano.

--The Anti-Apennine fault is capable of generating an earthquake of 7.0 Richter magnitude, and could be responsible for over half of the earthquakes in the Agnano area.

Many unknowns surround the effect of the Anti-Apennine trend. As the contractor states in another section of the report, "their overall role in the tectonic stress regime in Southern Italy is not well defined and their level of activity is not clear". The USGS representative in Naples told us that scientists do not know precisely where the transverse faults in southern Italy are or how active they are.

Some Italian and U.S. seismologists have questioned whether there is much of a risk from tectonic earthquakes at Agnano. For example, the Director of Italy's Vesuvius Observatory stated that a high-energy tectonic earthquake in Agnano is impossible. This is because of Agnano's distance from the Appenine fault and because of the volcanic area the Navy is located in. An earlier study done by the Naval Civil Engineering Laboratory in March 1986 concluded that seismic threat at both locations is basically identical and the probability that both areas would experience the same magnitude earthquake within the same time intervals is the same.

APPENDIX III

SECURITY ISSUES

Between fiscal years 1984 and 1987 the Navy will spend about $1.97 million to improve security at Agnano. Most of these projects involve improving or replacing fences, gates, and lighting around the perimeter of the base. The Naval Support Activity is also making security improvements to leased senior officers quarters and has added more Marine and civilian guards to patrol the base. The Navy believes that it is vulnerable to terrorist attacks at Agnano because

--access to the base is restricted to congested roads which can easily be closed through natural or man-caused events;

--the base is surrounded by high ridges which expose buildings and personnel; and

--the "clear zone" around the base is insufficient and high rise buildings have been constructed adjacent to the base.

The Navy has concluded that these problems cannot be adequately solved at Agnano and that the only reasonable solution is to relocate.

ACCESS TO THE BASE

The base is located in a volcanic crater surrounded by high ridges on three sides. Until recently, the only access to the base was from a single, two lane, dead-end road that also served other industrial, commercial, and residential activities located in the crater. However, in the fall of 1986 construction of a second road began which will link the current road serving the base to a major road located outside the crater.

Navy officials believe that the access to the base poses a significant security risk to naval personnel because the single access road limits their ability to vary senior officers' routes to and from the base. They believe this increases the potential for a kidnapping or assassination. Navy officials also state that the existing access road to the base, as well as the one under construction, can easily be closed by landslides, labor disputes, accidents, or other problems. According to Navy officials, in February 1986 a mudslide completely blocked the access road for several hours, and access was partially blocked for another day and a half because the road was restricted to one lane traffic. In another incident, workers involved in a labor dispute blocked the road restricting access to the base.

We observed access to the base, discussed the problem with both Navy officials and the principal lessor and observed potential sites for additional roads. We found that access to the base was less than ideal, particularly during rush hours.

A Naval Security and Investigative Command (NSIC) team performed a security assessment of the base in October 1986. It reported that the road under construction is too steep and too narrow to be very useful as a secondary means of access to the base. We asked CINCUSNAVEUR security officials their opinion about the usefulness of the road. They repeated the NSIC concerns and also noted that the road contains choke points and appears to be a stopgap measure that will partially alleviate but not resolve the access problem. Information we obtained from the Navy shows that the road varies in width from 10 to 20 feet, includes a 17-percent grade, and is largely unpaved.

TOPOGRAPHY

The Navy believes that the location of the base in a crater surrounded by high ridges on three sides poses a security problem. The Navy is concerned that anyone with a variety of weapons, such as a rifle, or another type of stand-off weapon, could attack the base from the ridges.

Naval Support Activity officials told us that they cannot do anything to correct the security problem caused by the ridges because (1) they do not control that area, (2) U.S. security personnel are not permitted to carry arms outside the base, and (3) it is impractical for personnel to continually patrol the area. We observed that the ridge locations could afford a convenient vantage point for hostile actions. The agent-in-charge of the Naples Naval Investigative Service (NIS) office told us that the ridges are a concern, but not a great concern. He stated that the ridges become a factor primarily during change of command ceremonies, which are held outdoors in front of the command and control building, and that during these ceremonies security personnel do patrol the ridges.

LACK OF CLEAR ZONES AND ENCROACHMENT

Current Navy regulations call for a "clear zone" of 50 feet -- 20 feet outside the perimeter fence and 30 feet inside the fence. Most of the perimeter at Agnano does not meet this criteria. As a result, security officials are concerned that intruders could penetrate the base undetected or plant explosives on the base. Navy officials also believe that the presence of five - and six-story apartment buildings near the fence compounds the problem because of the vantage points these buildings provide. According to Navy officials, most of this construction has taken place since the Navy located at Agnano.

When we visited the base we observed that many buildings had been constructed close to or abutting the perimeter fence and commercial enterprises are located adjacent to the fence. These conditions make it difficult for security personnel to patrol. We also observed that five - and six-story apartment buildings are located in close proximity to the base (about 500 feet away, according to Navy calculations). We noted, however, that even though there are obvious problems regarding clear zones and encroachment, this problem is not unique to NSA, Naples. For example, CINCUSNAVEUR Headquarters is located on a busy central London street with virtually no clear zone.

Along the side of the base which faces the road, we found vehicles were in the no-parking zone in front of the base. This situation, which persisted throughout our visit was also observed by the NSIC security assessment team. The NSIC report stated:

> "...During the course of this study, three vehicles were noted parked along this roadway both day and night. An examination indicated they had been abandoned; one had a bottle gas cylinder in its trunk...[1]

We discussed this issue with Naval Support Activity officials who told us of unsuccessful attempts to get authorities to enforce the ban on parking in front of the base.

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[1] Bottle gas cylinders have been used as explosive devices by terrorists in bombings of U.S. facilities in Germany.

UPGRADING SECURITY AT AGNANO

Support Activity security officials and the NSIC team believe that there are no cost-effective security upgrades that would justify staying at Agnano. Their view is that there are existing conditions that cannot be changed, such as topography, the road network, and commercial and industrial areas abutting the activity, and that as a result the base should relocate away from Agnano.

NSIC officials told us that additional security features could be built at Agnano. For example, it is possible to construct a blast wall around the base, but construction would be expensive because the wall must be one meter thick to be effective. Further, the wall would present a negative image to the community and could not be built high enough to protect the base from attacks with a rifle or other weapons from the ridges or apartment buildings.

With regard to improving access to the base, the principal lessor has suggested additional road sites, but his ability to build these roads and to acquire the necessary land is not clear. Road construction would involve a significant engineering and construction effort and land would have to be obtained from a number of individual landowners.

As part of its security assessment, NSIC also assessed the plan for an expanded Agnano. Under this plan, the Navy proposed to build a hardened C^3I building and an associated antenna site and a hospital. Most existing major buildings would be retained except for some office space outside the main base. NSIC found that the plan would not appreciably improve the security posture at Agnano. For example, the C^3I complex would be located under the volcanic ridge and, even though hardened, would still be subject to attack from high ground or buildings. Further, the C^3I complex would wrap around existing commercial and residential structures and would still be affected by encroachment. In some areas, security would be improved, but overall NSIC concluded that serious security vulnerabilities would still exist.

SECURITY AT THE NEW SITE

The security problems at Agnano would not be present at the new site in Capua primarily because the area selected is flat, semirural, and has access to two major roads. Because the base would be built to Navy specifications, the buildings and the layout will include security features. In addition, senior officers are to be housed on base which increases their security. In May 1986 an NSIC physical security assessment team reviewed the plan for the new base. The team made a number of recommendations to improve perimeter and gate security and security of the C^3I building.

One concern at the new site relates to the road that traverses part of the base. The NSIC team recommended that the plan to construct a pedestrian overpass to connect the school area with the rest of the base be deleted. However, Commander Fleet Air, Mediterranean (COMFAIRMED) did not accept this recommendation because it would require using vehicles to get between the school and the rest of the base.

Another concern is the possibility of encroachment and construction of multistory buildings, leading in time to the same problem existing at Agnano. The Navy is considering the acquisition of additional land that would provide an added buffer zone between the base and the surrounding community.

APPENDIX IV

SOME FACILITY PROBLEMS COULD AFFECT NSA'S MISSION

The Navy states that in addition to the seismic and security problems at Agnano, the compound suffers from overcrowding, contains substandard buildings which were not designed for the purposes they are now serving, and is poorly laid out. As a result, the facility no longer effectively supports its mission, and even if the Navy stays, a new C3I complex and a hospital will have to be built.

We found that the buildings used for C3I operations have space constraints and do not have the hardening features that would be designed into a new C3I building.

The hospital also has a number of long-standing design problems and deficiencies and the top three floors of the hospital are not being used. Hospital officials said that these problems have caused an increase in the number of patients that must be treated at other medical facilities.

C3I FACILITY DEFICIENCIES

The Navy conducts most C3I operations in the Naples area from two buildings. One houses the U.S. command and control staffs and the following force commanders and staffs:

--Mobile Logistics Support Force (Commander Task Force 63).

--Ballistic Missile Submarine Force (Commander Task Force 64).

--Area Antisubmarine Warfare Force (Commander Task Force 66).

--Maritime Surveillance and Reconnaissance Force (Commander Task Force 67).

--Attack Submarine Force (Commander Task Force 69).

--Commander, Fleet Air Mediterranean.

The other building, located nearby at the NATO headquarters, houses the Naval Communications Master Station, Mediterranean (NAVCAMSMED), which supports Navy communications between Northern Europe and Africa.

The Navy identified the following problems with its current facilities:

--There is no space available to install planned equipment upgrades.

--Direct satellite communications access from Agnano is not possible because of the topography of the crater. The additional communications links required to overcome this problem increase the system's vulnerability.

--Buildings do not provide the requisite survivability and sustainability in the event of a contingency.

As a result of these problems, the development of a new and hardened C3I facility has become a priority military construction project of the U.S. European Command.

During our tour of the C3I facilities at Agnano and at the nearby NATO headquarters, we discussed facility problems with operational

commanders. The operational commanders we spoke to were not able to recall an operational mission being degraded by the condition of facilities at Agnano. CINCUSNAVEUR officials also could not identify any such problems which had been reported to higher headquarters. Our visit to Agnano and discussions with commanders there confirmed some potential problems. For example, space, particularly in the Operational Command Center and NAVCAMSMED, is limited. In the Operational Command Center rest rooms and fire escapes have been converted to administrative space and several people share the same desk. In NAVCAMSMED, storage space is being converted to house additional communications equipment. According to NAVCAMSMED officials, its space problem will become more critical because of plans for equipment upgrades.

Another problem cited by the Navy in operating at Agnano is the lack of certain hardening features that would provide the survivability and sustainability needed in a contingency. CINCUSNAVEUR officials told us that Naval Support Activity, Naples, is the wartime command post for several important organizations, and, that in accordance with NATO and Defense guidance, such facilities should have survivability and sustainability features.

NAVCAMSMED officials said that the location of the command and control building in the crater increases the vulnerability and complexity of the communications network because communication out of the crater is by a single microwave link to a mountain top relay point. Communications are relayed from there to NAVCAMSMED. However, NAVCAMSMED officials stated that there have been no breakdowns in the system to date.

FUNCTIONAL AND OPERATIONAL PROBLEMS OF THE HOSPITAL

The Naples hospital is responsible for serving the Sixth Fleet and the local U.S. community. It is also responsible for patients referred from clinics and another hospital located in Greece and elsewhere in Italy.

In November 1984 the Support Activity decided to close the top three floors of the hospital. This decision was taken because of concerns about not being able to quickly evacuate people in an emergency. As a result of this decision, a number of functions were transferred to other locations in the area, and the hospital's capability was reduced from 55 to 37 beds.

The effect, according to hospital officials, has been to increase the number of patients evacuated to U.S. hospitals in Germany. However, statistics provided by the Navy Medical Command, European Region, show that the number of patients transferred from Naples to Germany for calendar years 1984 through 1986 remained relatively constant, while the number of patients sent to the United States steadily increased as shown in table IV.1.

Table IV.1: Patients Transferred

	1984	1985	First 3 quarters of 1986
Naples to Germany	974	976	756
Naples to United States	245	295	372

In addition, hospital officials also noted the following problems:

--Nursing stations which do not allow a view of the entire floor or meet a requirement of the Joint Commission on Accreditation of Hospitals.

--Access to the emergency room precludes the use of a stretcher. In our 1970 report, we identified this as a problem and noted that the design had been approved by the Bureau of Medicine and Surgery, U.S. Navy.

--The central oxygen system is inoperative requiring the use of bottled oxygen. We noted in the 1970 report that the contractor had not been able to make this system operable.

--Electrical, heating, ventilating and air conditioning systems are considered inadequate to meet peak demand loads in the operating room and other clinical support areas. In addition, the Navy Facilities Engineering Command determined that the existing electrical and mechanical systems are substandard and may jeopardize the hospital's accreditation.

According to the Navy Medical Command, there are nine essential projects that need to be accomplished to correct serious functional deficiencies. The estimated cost of these projects is $3.5 million.

During our visit to the hospital, we observed some of the design deficiencies noted above. We also noted numerous instances of cracked plaster and crumbling concrete.

APPENDIX V

COST TO BUILD NEW BASE COMPARED TO UPGRADING AGNANO

The House Committee on Appropriations directed the Navy to study the feasibility of upgrading the Agnano facilities, expanding onto adjacent land, and entering into long-term lease arrangements. The Navy submitted its study in January 1987. In addition to studying the feasibility of staying at Agnano, the study compared the cost of

--relocating all activities to the new base to be constructed in Capua;

--structurally upgrading the existing buildings and expanding and improving Agnano to replicate as closely as possible facilities to be constructed at Capua, or

--structurally upgrading the existing buildings but not expand the Agnano base. (The Navy estimated the cost of this alternative at our request).

The Navy estimates it will cost $358.4 million to build a new base at Capua, but $448.4 million to expand and upgrade the Agnano facilities. The Navy also estimates that upgrading the existing buildings and leasing them on a long-term basis without expanding the base would cost about $340.9 million. According to the Navy, staying at Agnano will not resolve its long-standing concerns or meet its future needs, regardless of whether an expansion program is undertaken.

We analyzed the Navy's comparative cost estimates and identified about $28.9 million in costs that are associated with the proposed move to Capua that the Navy did not consider. Also, to accurately compare the cost of relocating to Capua to staying at Agnano, we needed to make inflation and foreign exchange rate adjustments so that the cost of the alternatives could be evaluated on a comparable basis. After making these adjustments and adding in the other costs we identified, we found that the Navy's estimate of the cost to relocate is about $27.9 million less than the $448.4 million the Navy estimates it would cost to get equivalent facilities at Agnano. We also found that the alternative of structurally upgrading the facilities and leasing them on a long-term basis without expanding to meet the Navy's stated mission would have a comparative cost of $301.7 million.

COST OF A NEW BASE AT CAPUA

The Navy estimates it would cost $358.4 million to relocate to Capua. This estimate (see table V.1.) generally assumes an exchange rate of 1500 lira to one U.S. dollar and includes construction, relocation, equipment and other miscellaneous costs as follows:

Table V.1: Estimated Cost of Moving to Capua

Cost	($ in millions)
Construction	
Navy sponsored projects	$150.6
DOD school	26.9
Naval hospital	30.0
Military Construction Estimate	$207.5
Family housing	1.5
Nonappropriated funds	43.1
Total	$252.1
Relocation and equipment	
Hospital	6.9
School	2.4
C3I	71.5
Other	25.5
Total	$358.4

We identified $28.9 million in other costs associated with the relocation that were not included in the above cost estimate. These include the cost of

--Security. The Navy estimates additional security needed during construction would cost about $3.8 million.

--Architectural and engineering services. The Navy estimates that design work remaining will total $10.9 million.

--Military sales credits. The Government of Italy would purchase the land at Capua. In turn, DOD would provide military sales credits as a form of reimbursement. We estimate the value of these credits at about $12.7 million.

--Lease terminations. The buildings which would be vacated must be returned to their original condition. The Navy estimates these costs at $1.5 million.

To compare the Navy's cost of moving to Capua to staying at Agnano, we made foreign exchange rate, inflation and other minor adjustments to make the two estimates comparable. Considering these adjustments, and adding the additional costs discussed above to the Capua estimate, the cost of moving the base increased to about $420.5 million. This is about $27.9 million less than the Navy's estimate of $448.4 million to build equivalent facilities at Agnano.

UPGRADING AND EXPANDING THE CURRENT FACILITIES

The Navy estimates that the cost to stay at Agnano, purchase and upgrade existing facilities, and expand onto adjacent land is $448.4 million. This expansion plan provides for a new C3I building and a new hospital. It also envisions converting the high school to an administration building. Activities now housed in leased facilities outside the base would be moved into the space vacated in the former C3I and school buildings. A new school would be built and many buildings now on base would be demolished to provide for security clear zones an better traffic circulation.

In estimating the cost of this Agnano option, the Navy assumed a replication of the facilities planned for Capua. Consequently, this estimate includes not only the costs of a new C3I building and a new hospital, but the costs of other projects, such as a new school and additional bachelor enlisted quarters. These projects may not be essential if a decision is made to stay at Agnano. As a result, while this estimate is useful for comparing the relative

costs of replicating the Capua facilities at Agnano, it does not necessarily provide a basis for deciding what the cost of staying at Agnano might be.

We also reviewed the Navy's cost estimate to upgrade existing facilities at Agnano without obtaining more land or constructing new facilities. This option assumes continuation of leasing arrangements for 25 years. Again, we made the necessary foreign exchange, inflation and other minor adjustments to the Navy's estimate of $340.9 to make the cost comparable to the other options. The comparative cost estimate for this option is $301.7 million.

EXPANDING AGNANO LEAVES SOME PROBLEMS UNRESOLVED

The Navy believes that upgrading and expanding the Agnano facilities is not feasible and has a number of specific drawbacks. For example:

--The Navy would be purchasing or leasing substandard buildings that would have to be upgraded at considerable expense and disruption.

--The existing security problems, such as topography, poor access and encroachment would remain.

--The base would still be subject to the volcanic eruption threat.

--The Navy has no assurance that necessary land could be acquired.

--The layout of the base would be poor because of the topography and the development around the base.

While upgrading and expanding Agnano could resolve some of the Navy's concerns, other concerns will not be resolved. For example, construction of a new C3I building and hospital could answer the Navy's mission needs. A hardened C3I facility and demolition of buildings located inside the base perimeter could improve security by providing additional clear zone space. Seismically upgrading the buildings could resolve the safety concerns now present. However, expanding and upgrading Agnano does not resolve the security concerns raised by the ridges or address the volcanic eruption threat.

REASONS FOR TACAMO AT TINKER AIR FORCE BASE

Senator SASSER. This morning I would like to explore some of the issues in greater detail if we may.

First, Admiral Jones, why was Tinker chosen as the new base for TACAMO? Or should I direct that——

Admiral JONES. Mr. Chairman, Mr. Eastin is prepared to answer the TACAMO questions.

Senator SASSER. All right, fire away, Mr. Eastin.

Mr. EASTIN. First off let me divide that into two responses.

First, why was it made, why do we put the base Midconus, and that includes both Tinker and Little Rock.

That was due to the increased survivability of the aircraft not being located adjacent to what we considered a vulnerable coastline. So that the aircraft, in the event that they had to be used in conflict could scramble faster and get out of harm's way.

We also thought that——

Senator SASSER. Mr. Eastin, as a matter of fact, when the TACAMO's are on an alert basis, they are going to be on both coasts, aren't they?

Mr. EASTIN. The alert base will be on both coasts. But the aircraft that are at Tinker, of course, will be on the ground.

Other than those that are in for depot maintenance, of course, will not be operable, but the other ones can get airborne rather quickly. They will not be on the coast. As you know, we are planning 15 such aircraft, and I think our operations plan for a goodly number of those to be at Tinker at one time or another.

So we can increase our dispersal options from the Tinker Midconus base.

Why did we choose Tinker over Little Rock? As you are probably aware, the Air Force has their AWACS planes at Tinker field. The EA–3 airframe that forms a basis for the AWACS is the same 707 airframe that will be in the E–6A.

In addition, depot maintenance for the F–108 engines that are used in the KC–135 is also available at Tinker, set for the Air Force. So we have a rather cross pollination of service capability at the Tinker location.

STATUS OF 707 AIRCRAFT

Senator SASSER. As a matter of curiosity we are moving from C–130's to what I would call the 707's. Are these new aircraft we are using for this mission, will these 707's that are being phased in, will they be new aircraft or old?

Mr. EASTIN. Brand new aircraft, and, of course, they have a longer range and increased carrying capacity. The things that we thought were vulnerable with the EC–130's we are attempting to correct in the newer version. But they are new aircraft built in Seattle.

The colocation of the aircraft of both squadrons, the east and the west squadrons at Tinker should get us, I think, rather substantial cost savings in terms of spare parts buys that you will not, we can locate the

spares that are already there with the Air Force plane, and use some of those. Even if we were not using the Air Force's spares, colocating the two squadrons there together would save money on the spares.

SAVINGS AT TINKER VERSUS LITTLE ROCK

Senator SASSER. What cost savings can you specifically document? And what facilities can you colocate as a result of being at Tinker where the Air Force AWACS are located?

Mr. EASTIN. The savings that we can document on Tinker versus Little Rock are basically in the out-years. For the life cycle of these planes, we are looking at 30 years.

Our calculations are that we will have a life-cycle saving over Little Rock of about $70 million, also a savings over leaving them at the two bases where the operations already are is something in the neighborhood of $200 million.

Now the GAO report as you indicate has discounted these savings down to present value. Depending on how you look at it, the savings over the life cycle, including the moves of the personnel, including the building of the hangars, and the extensions of runways where they are necessary and the other infrastructure that is needed, GAO has determined to be between $10 million and $43 million over the life cycle of this aircraft.

To get more specific, I can furnish some of this for the record on a more detailed basis.

FACILITY COSTS AT TINKER

Senator SASSER. Let's get away from the aircraft and consider facility cost.

Are we finding that it is costing considerably more at Tinker? I am advised that facility costs at Tinker are estimated at $107 million, whereas facility costs at Little Rock would be about $55 million.

On that basis it appears to me that Little Rock would be the best buy.

Mr. EASTIN. The facility costs that were originally estimated at Tinker were the $107 million as you properly indicated.

Subsequent to that cost estimate and getting a finer pencil out and doing a little more surveying of the Tinker area, we determined that the private sector will be able to furnish the family housing that was previously in the $107 million at $18 million. So that cut $18 million out of the $107 million.

In addition, on a further look, we are not going to need an expansion of the officers' club, and we are not going to need to modernize the gym to take care of the additional crew that will be there.

So the bottom line of all that, at the present time we are estimating that the cost would be $86 million.

This does not include, as the GAO also indicated, any further efficiencies that we can detect within our ongoing discussions with the Air Force on excess facilities capacity at Tinker, facilities that we might

be able to use on basically a cost-free basis without having to build our own units.

So what we are really doing is comparing the $55 million at Little Rock to the now $86 million or perhaps slightly less at Tinker. When you compare them alone it appears to cost more to go to Tinker than it does at Little Rock. But when you include the savings in spare parts buys, tooling, support equipment, and spare parts in addition to maintenance equipment, over the years as GAO has properly pointed out, we are now estimating a savings of about $70 million over the life cycle.

That reflects the additional cost for construction at Tinker.

GENERAL ACCOUNTING OFFICE STUDY ON TINKER SAVINGS

Senator SASSER. Mr. Eastin, what troubles me is that while the Navy maintains that there is a life-cycle cost saving at Tinker, the General Accounting Office tells us that the Navy has no formal study to prove these figures.

They are also telling us that no formal resurvey of the site at Little Rock was done, and they tell us that no formal study was done to support the decision to move from the coast to a midcontinent location.

Now, that is not the way we are accustomed to seeing the Navy conduct its business.

I know that you are eager to get on with the design of facilities to support the new TACAMO. I am, too. But I do not think the subcommittee is completely satisfied that the decision to go to Tinker is fully supported by careful study to document the decision.

What I am recommending today is that you look at the possibility of going forward with design but not site-specific designs.

In the meantime, provide the committee with a report before we mark up in July which would fully document your decision and addresses the issues that I have raised and those that are being raised by other Senators and the General Accounting Office.

For example, Senator Sarbanes and the Maryland delegation are concerned because the TACAMO mission is being moved from the coast in Maryland and in Hawaii to a new base in the middle of the country.

According to the General Accounting Office report, the new TACAMO's were originally expected to be based where the current aircraft are located.

Just out of curiosity, why did the Navy change its mind on that matter? In other words, apparently the GAO was operating on the assumption they were going to be in Maryland and in Hawaii.

What dictated that change of view on the part of the Navy?

Mr. EASTIN. That change was dictated back in early 1986, and is based on the fact that the operational people in the Navy started looking at the survivability of these aircraft.

Earlier with the EC–130's the range was not sufficient for them to have Midconus basing. The range on the E–6A's is far greater and will permit more flexibility on that and allow for a more survivable base, such as one Midconus.

So this is not something that is all that recent a decision. I believe the GAO took that into account. At least by my quick reading of the report last night.

I understand your concerns for getting a proper analysis on what these costs and the cost differentials are. I think I can assure the Senator that I do not come here without having taken a fairly hard look at where the figures came from. We will put that together in writing for you and submit it to the committee.

RECESS TO EXECUTIVE SESSION

Senator SASSER. Well, good. I think we need that, Mr. Eastin, before we go forward here with $100 million appropriation.

Earlier I announced that the subcommittee would go into closed session to hear testimony relating to the Naples relocation project. At this point we will end the open portion of the hearing and will go into executive session. If Navy staff and committee staff will clear the room we will proceed just as quickly as possible, because I am going to have to go back to the floor unhappily.

I might say that this is General Hoar's last appearance before the subcommittee. General, I wish you well in your new endeavors, particularly at Parris Island. That is one of my favorite summer resorts, having spent some time there myself. Good luck to you.

General HOAR. Thank you very much.

Senator SASSER. Also good luck to you, Admiral Jones. I think this is going to be your last appearance today if I am not mistaken.

Admiral JONES. Yes, sir; thank you very much, Mr. Chairman.

SUBMITTED QUESTIONS

Senator SASSER. Before moving into executive session, we will insert submitted questions into the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Reid

Relocation of Facilities, Naples, Italy

QUESTION. Has the Italian ministry of defense secured the property at Capua? Is the Navy now free to begin construction and if not, will construction be delayed or does the Navy have any other way to accomplish construction of the C3I complex and new hospital?

ANSWER. The provision of land is being handled at the highest levels of both the U.S. Department of Defense and the Italian Ministry of Defense (MOD). We have firm assurances from the MOD that this land will be purchased and made available to the USN in time to allow construction start on schedule in FY-1988.

QUESTION. Why couldn't the C3I and hospital be built at the current NSA base location, at one of the sites selected by the Navy's planning consultants as satisfactory from the security and communication standpoints. As I understand it, there is a plausible site near the existing hospital at the top of the ridge?

ANSWER. Operational facilities which require major capital investment should not be built in Agnano. The Navy's consultant concluded that uncorrectable security and operational problems in Agnano would compromise the Navy's mission. Consultant recommended relocation to Capua, disdaining several sites claimed to be satisfactory in Agnano. The only proponent for use of a site on top of the ridge of the volcanic crater is the registered agent (pursuant to the Foreign Agent's Registration Act of 1938, as amended) of the current owner of the existing substandard Agnano buildings. The site on the ridge of the Agnano crater, along with others currently undeveloped (but not owned by Registered Agent's clients) in the area, were reviewed as part of the planning process. This site on the ridge was rejected as technically infeasible for C3I development by the Navy.

QUESTION. How much has the Navy spent over the last five years for modifications, repairs and alterations to the Agnano facilities?

ANSWER. The Navy has spent $18,300,000 in make-ready modifications, repairs, maintenance, and alterations in Agnano buildings and utilities systems in the past five years.

QUESTION. Why does the Navy report estimate Agnano upgrading costs of $132 million in its report and then $166.2 million in one of the report's appendices? Which is the accurate figure and what does it include?

ANSWER. As shown in Table 1.5.1 of the "Structural and Seismic Safety Evaluation Report, the Agnano Buildings," prepared by Englekirk & Hart and provided as an appendix to the Navy's reply to the House Appropriations Committee, the "engineering estimated cost" for total seismic upgrade of the substandard Agnano buildings is estimated at $132.0 million (with the administration and hospital upgraded to continuous operational buildings). This estimated engineering cost is in 1987 dollars and is equivalent to the estimated contract award cost of construction. These engineering level costs were adjusted to include government contract supervision inspection and overhead costs, as well as a

contingency using standard Navy budget adjustment factors. Since the earliest practical time for budget submission for such a proposal would be FY 1990, these budget costs were adjusted for a theoretical FY 1990 budget in Appendix G of the report. The resulting estimated budget cost in FY 1990 is $166.2 million. This estimated cost does not include the cost of final plans and specifications or the cost of alternative space to relocate current occupants during construction.

QUESTION. How do the $132 million and $166.2 million figures compare to the Navy's last year estimate of $67 million to upgrade the Agnano facilities?

ANSWER. The detailed study of the seismic retrofit of the substandard Agnano buildings was performed by the firm of Englekirk & Hart and provided as part of the Navy's report to the House Appropriations Committee. The best estimates available have been provided by this firm which total $132.0 million, as noted above. Previous cost figures were not based upon specific engineering examinations or study of the problems involved in the manner done by Englekirk & Hart.

QUESTION. Why are the Navy's estimates for seismic upgrading of its facilities so many times greater per building than NATO's costs of about $3 million (according to the GAO report) to upgrade its 3 buildings which were older and sustained greater seismic damage than the Agnano buildings?

ANSWER. The buildings are fundamentally different than those in Agnano. According to the base engineer at NATO'S AFSOUTH Bagnoli compound, the repairs NATO has funded are cosmetic in nature. There has been no structural upgrade of the AFSOUTH NATO buildings of the type envisaged by the Navy in Agnano.

QUESTION. Did the NATO headquarters decide to upgrade its buildings and stay in the area of Agnano because, in fact, the seismic and volcanic conditions really are not as serious as the Navy predicts? Why didn't NATO move out of Agnano?

ANSWER. NATO is not faced with the same operational, security, and life safety problems the Navy is faced with in Agnano. NATO buildings are of much more massive construction, and are low-rise in cross-section. The NATO compound was planned as a military base from the outset. It does not resemble a civilian community as does Agnano.

Notwithstanding what others choose to do or not do in this area, the fact remains that the buildings in Agnano lack adequate seismic protection. These buildings are exposed to potential earthquakes for which they were not designed and they will collapse when this earthquake occurs. There are no guarantees as to how long it will be until another earthquake will occur. The danger in continued use of these buildings has been documented and the realization that they will collapse when subjected to the predicted earthquake-produced ground accelerations is a major life-safety concern. The cost of retrofitting these substandard buildings for seismic safety is well over $100 million dollars. Further, the existing C3I and hospital buildings do not meet the Navy's operational requirements and cannot be recycled to meet these critical operational requirements. The security problems in Agnano are uncorrectable in that location as discussed in the classified appendix accompanying the Navy's reply to the House Appropriations

Committee. Additionally, there is agreement that the Agnano crater is exposed to a threat of volcanic eruption which cannot be mitigated. Faced in Agnano with life-safety problems in these substandard buildings, uncorrectable operational and security problems, and, if attempted, a wasted capital investment of hundreds of millions of dollars, the logic of relocation is inescapable. The investment of such magnitude in Agnano does not make sense, given the availability of the Capua alternative.

QUESTION. The Navy and GAO reports seem to include in Agnano lease costs some items such as make-ready alterations and utility costs. How much of the Agnano lease costs over each of the last five years are allocable to make-ready costs and how much to utility costs?

ANSWER. The costs of make-ready alterations were $1,040,000 over the past five years in Agnano. Utility costs are not part of the lease cost at Agnano. The U.S. Navy pays utility costs directly to the commercial utility companies. Utility costs for the past five years in Agnano have been $4,100,000.

QUESTION. What does the Navy estimate its utility costs will be per year at Capua?

ANSWER. Although precise estimates of utility costs at the Capua site have not been prepared, Navy expects these costs to be less than at Agnano. Water and sewer service in Agnano are purchased. At the Capua site, Navy will obtain water from its own wells and obtain primary sewage treatment at its own plant. Electricity at the Capua site will be bought from ENEL, the Italian state power company, as is the case in Agnano. ENEL rate structures are uniform throughout Italy. However, in the past, ENEL has been unable to supply Navy's full power needs in Agnano during summer peak periods. The Capua site has more than sufficient electric power from nearby high voltage transmission lines.

QUESTION. The GAO report states on P. 12 that the Navy was asked to explain the assumptions and methodology used to estimate upgrading costs, but that the Navy provided no details. I ask you now, what were the assumptions and methodology used to arrive at the $132 million and $166.2 million upgrading estimates, respectively?

ANSWER. As a preface to the answer to this question, note the Navy does not believe that an upgrade of the existing Agnano buildings for ground shaking alone would assure safety. The threat of eruption and faulting would remain. Consequently, investing in upgrading against ground shaking in the substandard Agnano buildings would be a poor investment.

The assumptions and methodology used by Englekirk & Hart in their study are noted below. Briefly, there have been several studies that addressed the seismic risk at Agnano and Capua. The most recent of which was prepared by the internationally recognized firm of Woodward & Clyde, and was included in the Navy's response to the House Committee on Appropriations. From the standpoint of seismic design, there is no appreciable difference in the studies which conclude that a ground acceleration of 0.2g should be used for design evaluation. As with all MCON construction (new or major rehabilitation), the design would be in accordance with DOD seismic criteria, which is based upon the Uniform Building Code (UBC). DOD seismic criteria establishes two categories of buildings for design

purposes. Ordinary buildings are designed in accordance with the tri-service manual, NAVFAC P-355, "Seismic Design for Buildings."

Under DOD criteria, essential buildings are uniformly designed to a standard that also provides assurance that they will be functional during and after an earthquake. The criteria is set forth in the tri-service manual, NAVFAC P-355.1, "Seismic Design Guidelines for Essential Facilities." The hospital and C3I facility are in this category. Such design includes dynamic analysis and accelerations determined by a site seismicity study.

The engineers from Englekirk & Hart are familiar with the DOD seismic criteria and the problems associated with the retrofit of buildings for seismic safety. They reviewed available data on the Agnano buildings, made field investigations in Italy, and discussed the buildings with the owner's engineers on site. As a result of these investigations, analyses, and study, they developed a concept of upgrade. Based upon these concepts, they developed professional engineering estimates of the costs of renovating the Agnano buildings for seismic safety. These estimates were based upon the studies and analyses of internationally prominent professional engineers who are experienced in the seismic retrofit of existing buildings and the problems associated therein. Background and experience with previous bids was taken into consideration in these estimates. It is apparent from the numerous problems associated with attempting to seismically retrofit these substandard buildings that such a course of action would be disruptive and extremely costly. As noted above, the difference between the $132 million estimate and the $166 million figure are standard adjustments for budget purposes and assumed year of construction.

Questions Submitted by Senator Specter

Philadelphia Naval Hospital

Mr. Eastin, as you are aware, the Philadelphia Naval Hospital is scheduled to close on or about October 1 of this year. That date is dependent upon the so-called "Philadelphia Plan" as announced by Secretary Lehman which basically is a contracting-out for medical care for those eligible in the Philadelphia area. I understand that initial work on a request for proposal (RFP) has begun. I believe, however, that there will still be a requiremnt for a clinic to be established on the Naval Base for military sick-call. Also, I understand that there is a need for a new occupational health clinic to serve the civilian employees of the base and shipyard.

QUESTION. What is the status of these projects? Will the two clinics be combined into one?

ANSWER. Navy recognizes and concurs in the need for a new clinic to provide for military sick call and occupational health requirements at the Naval Shipyard Philadelphia. Navy intends to work closely with the Defense Medical Facilities Office to finalize this project for inclusion in the earliest possible Department of Defense budget request.

QUESTION. If the hospital closes its doors on October 1, where will military sick-call be held? Does the Navy have plans to bring in temporary modular structures to meet this need?

ANSWER. Navy engineering and medical communities are currently evaluating several alternatives as an interim solution until the replacement shipyard clinic is completed. These alternatives include using a portion of the existing hospital structure, continuing to use the existing shipyard clinic, installing temporary modular facilities, or a combination of any of the above options. The Philadelphia Plan will provide primary care to active duty members, effectively reducing the sick call workload that was originally projected for the shipyard clinic.

QUESTION. Although the hospital itself will close, many personnel assigned there fill billets at other Navy facilities in the area. These personnel live in barracks on the hospital grounds. Where are these personnel going?

ANSWER. All the people living at the BEQ units at the hospital are hospital personnel. When the hospital closes, the clinic will require fewer personnel than does the hospital, therefore some end-strength reductions will occur and other billets will be transferred to activities outside the Philadelphia area. Those hospital employees who will stay on to become clinic employees would be placed on the waiting list for quarters on base. While on the waiting list, they would live in the civilian community.

QUESTION. I understand that over 30,000 square feet of space within the confines of the hospital grounds is occupied by other Navy activities. Where will these people go? What is the Navy's plan to meet the administrative space backlog from the Naval base?

ANSWER. The principal other Navy activity which occupies

space at the hospital is the Naval Ship Systems Engineering Station (NAVSSES). There is an unprogrammed project for NAVSSES to satisfy their office space deficiency. That project will compete with other Navy requirements for programming.

Water Distribution System -- Philadelphia Shipyard

Admiral Jones, I understand that the Philadelphia Naval Base has an antiquated water distribution system which serves the shipyard as well as the base itself including family housing. I further understand that corrosion has literally caused the existing pipes to shrink in size. I further understand that this system is not adequate to meet the needs of a fire in that the pressure needed breaks the pipes. This happens not only in the main potable water system; but also in an auxiliary, non-potable system in place in the shipyard proper. In addition, I understand that pumps have been placed near the drydock where the USS ENTERPRISE is undergoing its service life extension. These pumps are necessary to provide the crew and workers with water.

Last year the Committee addressed this problem in its report, and it is my understanding that the Navy has done initial engineering concepts on the new water system.

QUESTION. Who within the Navy is responsible for not allowing this project to be designed and funded in recent years?

ANSWER. Because to date the project has not been scheduled for a near term budget, i.e. FY 1988 or 1989, use of design funds available to the Navy was not possible. Congress expects design funds be used for upcoming budget projects only. Due to funding limits in recent years, and competition from higher priority projects, budgeting was not possible. Strict approach to design starts is in line with Congressional expectation that the Services use their design funds economically and efficiently.

QUESTION. How can a project which provides protection for facilities, but more importantly people, be deferred for so long as to get to its current state?

ANSWER. Navy has a large backlog of facility requirements in the replacement/modernization, upgrade, alterations, as well as in the new construction category. All such projects are needed, but limited budgets make it necessary to defer programming in many cases. The Shipyard Modernization Program is one area constrained in recent years as a result of higher priority needs within Navy. In the case of this Water Distribution project, it was viewed as deferrable given that temporary expedients, such as fire pumps mounted on barges, could be employed for emergency use.

QUESTION. I have supported the Navy's strategic homeporting plans. However, I understand that Shipyard Modernization Programs have been in direct competition with the homeporting construction needs. Is this a factual statement?

ANSWER. Yes. The Shipyard Modernization program has been in direct competition with all other Navy high priority military construction requirements, including strategic homeporting. Obviously, strategic homeporting funding is of higher priority in the FY 1988/1989 period, given it is being supported within budget limits imposed.

QUESTION. How does the Navy determine priorities within its military construction program? Do modernization projects complete directly with new mission requirements?

ANSWER. New or increased mission requirements such as assignment of more ships to a homeport, additional aircraft squadrons or new airplanes, are generally given highest priority in military construction budgets. Projects needed for such missions could be altogether new buildings, or alteration/modernization of an existing building. It depends on the existing situation. An example of a modernization project meeting such need is the proposed FY 1988 Warehouse work in Norfolk to enable older buildings to serve the growing Navy supply mission there. But yes, modernization aimed at preserving facilities for economic, efficient long-term service at locations not experiencing pressure from growth on workload are deferrable.

QUESTION. When does the Navy plan to put this water distribution project under contract for design?

ANSWER. The proposed Water Distribution System project is currently in FY 1991 of the next biennial budget. The architect-engineer selection process will begin as of October 1988. After the design firm has been selected, a contract will be awarded to begin the 35 percent design effort.

QUESTION. If funds were provided for this project in Fiscal Year 1988 and design was minimal, could a contract be awarded for the project in Fiscal '88 and initial work begin?

ANSWER. Should such action occur, the architect-engineer selection process could begin in October 1987, lead to design completion some eighteen months later, and a construction award in May 1989. On the basis of this schedule, the project cannot be executed in FY 1988.

QUESTION. Could the project be phase-funded?

ANSWER. It is unlikely the Water Distribution project could be phase-funded. Scope and cost are not extensive enough to justify phasing.

CROSS YEAR FUNDING (SPLIT FUNDING)

QUESTION. Admiral Jones in your statement you indicated that you could obtain more cost effective facilities if Congress would restore cross year funding. What is cross year funding?

ANSWER. Cross year funding as discussed in the fiscal year 1986 military construction appropriations reports is more appropriately termed "split funding" which is the using of more than one year's appropriations to accomplish a project funded with a single appropriation.

QUESTION. What has the split funding limitation meant to the Navy?

ANSWER. First, that a project, with all modifications can be funded from only one appropriation year's funds. This severely restricts Navy's ability to execute its military construction program by amplifying our underfunded position by requiring us to hold a larger contingency reserve. While a moderate underfunded position can be beneficial, forcing us to manage effectively and

reducing unobligated balances without delaying program execution (since some portion of a program usually incurs award delays anyway). However, an amplified underfunded position has a devastating effect on execution. This is the result of the large reserve that must held for each appropriation to assure all projects are completed with the same appropriation that started them. By the time awarded projects are far enough along to determine if any contingency reserve money can be released, it may be too far into the five year life of the funds to risk new awards with those released monies.

QUESTION. How long have you been split funding?

ANSWER. Since fiscal year 1980, although in FY 1986 split funding was eliminated except for FY 1985 and prior funds used for FY 1985 and prior projects. Through fiscal year 1979 military construction funds were 'no year' or cumulative appropriation and split funding authority, as such, was unnecessary.

QUESTION. Why do you split fund projects?

ANSWER. We do this to reduce to a minimum the amount of reserves that must be held to complete started projects. Also, in order to maximize the use of the funds that have been provided to accomplish the programs that have been approved by the Congress, especially while in an underfunded position.

QUESTION. How does split funding reduce the amount of reserved funds held?

ANSWER. Split funding permits us to use unobligated balances from any unexpired appropriation to help fund approved projects. This flexibility eliminates the need to hold a special contingency reserve fund for each appropriation to ensure we can complete all projects we start with that appropriation.

QUESTION. The Committee is concerned with fiscal control, both as to project and appropriation limits. How would restoration of split funding authority affect this?

ANSWER. Restoration of split funding will not affect project limits as spelled out in law, appropriation limits as established in annual appropriation acts, or the total obligation limit for all projects authorized in an annual authorization action. No funds are moved to other appropriation years using split funding procedures. They retain their identity with the year's program for which they were appropriated. Every penny of the annual appropriation is accounted for, and we can pinpoint what projects it was spent against and assure that no project has more spent against it than the law allows.

QUESTION. What language is required to restore split funding?

ANSWER. The same language that was included in the general provisions of the military construction appropriations acts prior to fiscal year 1986 and as cited below:

"Notwithstanding any other provision of law, any funds appropriated to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were appropriated if the funds obligated for such project (1) are obligated from funds available for military construction projects, and (2) do not exceed the amount appropriated for such projects, plus any amount by which the cost of such project is increased pursuant to law."

QUESTIONS SUBMITTED BY SENATOR STEVENS

ADAK MIDDLE SCHOOL

QUESTION. What is the current status of the Adak school program outlined in last year's Appropriation report? What has the Navy done to move this program forward?

ANSWER. The Navy is proceeding with the rehabilitation of the modular school units at Adak with the $800,000 appropriated for that purpose in FY 1987.

For the new middle school, the Navy forwarded a Section 2807 notice to the Armed Services and Appropriations Committees on 21 Jan 87 to award an architect/engineer contract for design of the school. The Senate Appropriations Committee approved the request, but both the House Armed Services and the House Appropriations Committees objected. In view of these objections, the Navy can take no further action. The objections have been appealed by the Navy, but no decisions have been forthcoming to date from the objecting committees.

QUESTION. What is the normal procedure by the Navy to develop a school in a location where no local facilities are available?

ANSWER. Situations such as this are so infrequent that a "normal" procedure does not exist. Adak dependent schools do not qualify for the DODDS program as they are not on foreign soil. Either Section Six school (PL 81-874) under DOD or Department of Education (PL 81-815) funds could be used. As Congress recently directed DOD to develop a plan to turn Section Six schools over to local educational agencies (Public Schools), requests for such a school are no longer viable. DOE funds are so limited that they do not appear to be an option. Due to the foregoing, the Navy believes that a special MCON appropriation, on a non-precedent setting basis, is the best avenue for funding this vital school.

QUESTION. How does the situation at Adak differ from any other site that faced this problem?

ANSWER. The problems at Adak are not found at any other Navy or Marine Corps base in the United States. Adak is an island occupied by only Navy and Navy support personnel. There is no civilian community. Consequently, it is not possible to compare Adak with other locations.

Overseas Projects

QUESTION. Regarding the overseas projects, are any of these scheduled for locations where host nation support is in question or where negotiations are in trouble?

ANSWER. Navy and Marine Corps projects are requested in FY 1988-1989 at foreign locations in Japan, Guam, Antigua, Bermuda, Panama, the Philippines, Italy, Spain, Diego Garcia, Newfoundland, the United Kingdom, Cuba, Iceland, the Azores, and several classified overseas locations. Country to country approvals are in place and host nation approvals have been received for all such projects.

Prior Year Reductions

QUESTION. What impact would a similar reduction for FY 1988 have on the Navy?

ANSWER. Reductions made by Congress to FY 1985, 1986, and 1987 Navy MILCON aggregate to one billion dollars. The cut was $435 million in FY 1987 alone, a 24 percent reduction. The impact on operational readiness will be severe as lost projects fail to come on-line when needed in the late 1980's. Similar reductions in FY 1988 would compound the severity. Some $130 million of recent cuts were in training facilities. This diminishes readiness by making it difficult to impart skill, procedures and knowledge to personnel, be they basic recruits or advanced pilots striving to maintain proficiency. Cut, for example, were fire-fighting trainer sites and ASW helicopter flight simulators.

In the maintenance and production categories, cuts of $300 million occurred, with major projects for Marine Corps combat vehicle repair/wash-down, and aircraft hangars denied. Such facilities contribute to readiness of forces in-being and their absence will cause problems pending programming and acquisition in subsequent MILCON programs.

Relocation of Facilities, Naples, Italy

QUESTION. Is not part of the difference in the computed cost of relocating the Naval facility to Capua versus upgrading Agnano because the Navy intends to discontinue supporting U.S. personnel assigned to NATO who will not be moving to Capua?

ANSWER. Not at all. The cost of relocating to Capua provides for the satisfaction of documented Navy facilities requirements. The Capua facility will support U.S. personnel assigned to NATO in that their dependents will receive medical, schooling, and other services at Capua. The service members themselves, while working at NATO, would receive similar essential services from Capua. When equivalent cost comparison was made for all the Navy facilities requirements in an expanded Agnano, it was shown that the Navy requirements could not be achieved in Agnano and the physical security problems could not be effectively overcome. Also, it would cost from $63 million to $96 million more to build equivalent facilities at Agnano than at the new Capua site.

QUESTION. Does the Navy have an estimate of the cost to provide transportation to and from Capua for sailors on shore leave?

ANSWER. Based on the difference in travel time and distance to Capua versus Agnano, and examination of costs experienced in present contract bus service, the estimated increase will be $160,000 per year.

QUESTION. The cost of construction of family housing at Capua appears to be greatly understated at $1.5 million unless this amount is only for 10 flag officers' quarters. Is the Navy intending to only build family housing for its flag officers at Capua?

ANSWER. The only family housing planned for the Capua site is ten units for installation commanders and flag officers.

QUESTION. The Capua site is undeveloped, marshy farmland with a water table close to the surface which will necessitate the Naval Communications Master Station being built entirely above ground. With the autostrada cutting through the Capua site and 6 feet above the property, what additional precautions will be required to keep the site secure?

ANSWER. The autostrada that intersects part of the site at Capua has been reviewed from a security standpoint and determined not a significant security problem. As a controlled access roadway similar to our interstate highways, the autostrada provides a measure of security by limiting commercial build-up and encroachment along its route. Since it is a controlled access highway, no parking is allowed; therefore, a parked car is cause for alarm. On Via Scarfoglio in Agnano, parked cars are the rule rather than the exception. The planning, layout, and design of the Capua site precludes the possibility of encroachment similar to that which exists in Agnano. Proper clear zones on base are provided, as are adequate stand-off distances to soft targets.

QUESTION. How would a NSA complex in Capua, 30 miles from the 6th Fleet at Naples Port and the NATO Headquarters, properly fulfill its mission to support the 4,000 Americans who will remain in Naples with the Navy, Air Force and NATO, and who heavily depend on the NSA exchange and commissary, hospital, school and other facilities?

ANSWER. Distance from port to Capua is 22 miles. As noted earlier, all U.S. dependents in the Naples area will receive support from Capua. Military families will clearly benefit from new, properly designed and adequately sized support facilities at the Capua site. In the short term, after new facilities are opened at Capua, transportation impacts for many families will be approximately the same because the present centroid of military family residency in Naples is in the Lago Patria-Pinetamare area, which is almost equidistant from both Agnano and Capua. Over time, many arriving military families will undoubtedly opt to reside in the environs of Capua to shorten travel distance and time to their work and support facilities. Moreover, due to its suburban location, family housing costs for those residing on the economy in the Capua area will be relatively less expensive than in both the Lago Patria-Pinetamare area (an Italian summer vacation community) or "in town" in the vicinity of Agnano. This process will occur over several years.

QUESTION. Since the Navy's planning report identifies areas where the Command, Control, Communications and Intelligence (C3I) complex and new hospital could be located at the Agnano base, why can't any of these plans be implemented so as to save the time and cost of relocating an entire base?

ANSWER. The Navy's report to the House Committee on Appropriations includes extensive studies of the problems presented in the existing substandard Agnano facilities. These studies concluded:

(a) The substandard Agnano buildings pose a serious life safety risk and that catastrophic failure will result when they are subjected to predicted seismic forces. Additionally, that the site on top of an active volcano exposes the Navy personnel to a danger of volcanic eruption;

(b) Navy physical security experts have concluded the Agnano site has fundamental security problems that cannot be corrected in the Agnano crater. (Operational and security problems are outlined in the classified annex to the Navy report to the House Committee on Appropriations);

(c) Expansion in Agnano to meet the Navy's operational and security requirements is not feasible. When equivalent options are compared, it is less costly to relocate to Capua. The GAO has not disputed this conclusion. Also, it is important to keep in mind that "equivalent" facilities at Agnano would remain vulnerable to security threats, as well as the hazard of volcanic eruption, and would not meet the Navy's operational needs. Construction of new C3I and new hospital facilities in Agnano and recycling the remaining substandard buildings would require a capital investment of several hundred millions of dollars and expand the Navy's presence in a crater on top of an active volcano. Major capital investment makes no sense in a location with such fundamental problems. The result would be recycled 25-year old, substandard buildings which do not meet the Navy's operational needs. Relocation to Capua is essential for operational, security and life-safety reasons. It is the only viable solution to the Agnano problem.

Navy Homeporting Issues

QUESTION. What changes have occurred in the Homeporting plan since last reviewed by this Committee?

ANSWER. The Strategic Homeporting plan has not changed since the Congressional review of the FY 1987 budget. The Navy's two-part plan still includes adjusting the mix of ships in the traditional ports of Norfolk, Charleston, Mayport, Newport, San Diego, San Francisco, and Pearl Harbor; and establishing new homeports for a Battleship Surface Action Group (BB SAG) in the Northeast, an Aircraft Carrier Battle Group (CVBG) in the Northwest, a BB SAG and CVBG in the Gulf, and a second BB SAG on the West Coast.

QUESTION. Does the $273 million you are requesting in FY 1988 represent an increase or decrease from the amount projected last year for this program?

ANSWER. This year's budget request is a slight decrease from the amount projected last year for the FY 1988 Strategic Homeporting program. The overall program was restructured to provide required facilities within the legislated cap of $799 million for military construction, and to accommodate project deferrals.

QUESTION. How is the Homeporting program impacting the family housing situation? How many family housing facilities will be closed at current locations as ships are repositioned to new locations?

ANSWER. The Homeporting program will locate Navy families in new communities that already offer acceptable and affordable housing. Consequently, this program directly offsets increases in the housing deficits that would occur if all ships were assigned to current homeports. Given current housing deficits at existing homeports, no existing family housing facilities will be closed as a result of the Homeporting program.

QUESTION. Is the closure of existing family housing facilities calculated into your program to eliminate facility deficiencies by 1995? If not, why not?

ANSWER. No family housing facilities are scheduled for closing due to Homeporting.

NAVY LEASE COST REDUCTION STUDY

QUESTION: There are reports that the Navy intends to advertise for proposals to relocate its more than one million square feet of offices that now are in Crystal City, Virginia. What is the Navy authority for this action? Further, has the Navy, GSA, or GAO conducted any assessment that compares (1) the cost of leasing space in Crystal City to (2) the cost of acquiring land and building new space?

ANSWER: The General Services Administration, acting on behalf of the Department of Defense and using their general authority to procure office space in urban areas, recently invited the private sector to express their interest in meeting the Navy's requirements for office space in the National Capital Region. These advertisements are intended to generate viable options to current leasing arrangements from the commercial development community. Later, after reviewing the proposals, selection of the "best deal" will be made based on responsiveness to Navy needs including location, cost and quality of space.

In addition, the General Services Administration and the Navy expect this initiative will validate previous analyses by providing valid economic comparisons between staying in Crystal City and other development alternatives, since anyone expressing interest, including current landlords, will have an equal opportunity to compete. The "Expression of Interest" and solicitation process is expected to reveal that leasing in Crystal City under current terms will be the most expensive option available. However specific economic information will not be available until after GSA/Navy review the initial solicitation proposals.

SUBCOMMITTEE RECESS

Senator SASSER. Gentlemen, considering that the five bells have gone off, we will have to recess as quickly as we can.

[Whereupon, at 12:28 p.m., Wednesday, April 8, the subcommittee was recessed, to reconvene in closed session.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, MAY 6, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:07 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Reid, Stevens, and Specter.

DEPARTMENT OF DEFENSE

DEFENSE AGENCIES

DEFENSE INTELLIGENCE AGENCY

STATEMENT OF REAR ADM. ROBERT W. SCHMITT, U.S. NAVY, DEPUTY DIRECTOR, DEFENSE INTELLIGENCE AGENCY

ACCOMPANIED BY COL. SUSI, HEAD, RESOURCES AND SYSTEMS DIRECTORATE, DEFENSE INTELLIGENCE AGENCY

FAMILY HOUSING PROGRAMS

BUDGET REQUEST

Senator SASSER. The subcommittee will come to order.

This morning we will be hearing from representatives of the various defense agencies which are funded through the military construction bill. The request before the subcommittee is for $859 million for military construction, and another $20 million is requested for family housing.

The defense agencies' request represents a 61-percent increase over the amounts provided last year by the Congress. This request is the largest percentage increase in the entire military construction bill this year. As the witnesses present testimony this morning, I want them to be mindful of the budgetary crisis that we face here in the Congress.

Such a large increase must be judged against the problems of the budget deficit, and it must compete with the requests of the other services.

So the clear burden of proof this morning is going to be on these witnesses to convince the subcommittee that an increase of such magnitude is justified. We have a large number of witnesses here this morning, so

I would ask each one of you to be brief in order that we might be able to take testimony from each of the agencies represented.

RECOGNITION OF SENATOR STEVENS

We are pleased to have here the distinguished Senator from Alaska, Senator Stevens.

Do you have any statement you wish to make at this time, Senator Stevens?

Senator STEVENS. No; thank you. I am pleased to be with you. I share your concern about the growth in some of these requests, and will be pleased to go over them with you.

Thank you.

Senator SASSER. Thank you, Senator.

INTRODUCTION OF WITNESSES

Our first witness will be Rear Adm. Robert W. Schmitt, the Deputy Director of the Defense Intelligence Agency [DIA]. We welcome you before the subcommittee this morning, Admiral Schmitt, and you may proceed with your testimony.

Admiral SCHMITT. Mr. Chairman, I am very pleased to be here this morning to present to you the DIA family housing and military construction budgets for the fiscal year 1988.

Senator SASSER. For the record, you might identify your colleague there.

Admiral SCHMITT. That is Colonel Susi, sir, the head of our Resources and Systems Directorate in the Defense Intelligence Agency.

Senator SASSER. Thank you.

Admiral SCHMITT. I have available for you, sir, a prepared statement detailing these programs, but in the interest of time I would like to summarize that statement very briefly and answer any questions you might have on these programs.

FAMILY HOUSING FUNDING LEVEL

With respect to family housing, we have requested a funding level of $10.8 million. The moneys in this program support the entire housing needs of the military members assigned to 98 defense attaché offices that are organic to the U.S. diplomatic missions worldwide. The amount represents a modest increase over fiscal year 1987 which is needed to compensate for inflation, the significant decline in the value of the dollar abroad, and the rising costs associated with housing in capital cities around the world.

BOLLING AIR FORCE BASE ANALYSIS CENTER

Turning now to the military construction fund, the Defense Intelligence Agency has two projects proposed for fiscal year 1988. The first is a request for $805,000 for the design, acquisition, and installation of equipment that would upgrade the electrical power at our analysis

center located at Bolling Air Force Base. The additional power, some 500 kilovolt amps, is needed to keep pace with the expanding computer mainframe requirements of that facility.

PENTAGON NATIONAL MILITARY INTELLIGENCE CENTER

The second request is for $679,000 which is the design money for electrical power improvements for the National Military Intelligence Center located in the Pentagon. This facility provides around-the-clock support for Pentagon decisionmakers. Electrical outages or shortages could jeopardize this critical support.

In summary of this brief statement, sir, our budget request for fiscal year 1988 are not high-dollar projects. However, the moneys requested support significant intelligence activities that have worldwide impact.

Sir, I am open to questions.

[The statement follows:]

Prepared Statement of Rear Adm. Robert W. Schmitt

Deputy Director

Defense Intelligence Agency

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am Rear Admiral Robert W. Schmitt, Deputy Director of the Defense Intelligence Agency (DIA). I appreciate this opportunity to address the subcommittee this morning. DIA's FY 1988 Budget request supports two programs: Family Housing which relates specifically to the housing requirements of the Defense Attache System; and Military Construction funds which will be used to upgrade existing electrical power supplies.

DIA MISSION

The Defense Intelligence Agency was established in 1961 by the Secretary of Defense under the provisions of the National Security Act of 1947, as amended. The Agency is primarily responsible for managing the intelligence production activities of the DoD, as well as producing intelligence to satisfy the requirements of the National Command Authorities, Unified and Specified Commands, and the Military Departments. DIA is charged with reviewing, validating, prioritizing, and tasking of Department of Defense military intelligence collection requirements. This responsibility includes the levying of military intelligence collection requirements on activities outside the Department of Defense such as the Central Intelligence Agency, Department of State, and other collection activities. Finally, DIA manages all DoD automated intelligence systems and develops training and career programs for all DoD general intelligence personnel.

FAMILY HOUSING

The mission of the Defense Attache System includes: -To observe and report military and politico-military information as appropriate.

- To represent the Department of Defense and the Military Services.
- To administer Military Assistance Programs and Foreign Military sales as directed.
- To advise the United States Ambassador concerning military and politico-military matters.

It is the responsibility of DIA to accomplish these missions through the Defense Attache System, which is comprised of 98 Defense Attache Offices organic to U.S. diplomatic missions worldwide. Defense Attaches provide a major contribution to the U.S. national human intelligence capability. A key to accomplishing this mission is housing for military members assigned to Defense Attache Offices.

For FY 1988, DIA's Family Housing Budget request is $10.8 million. This modest increase is to compensate for inflation, the increasing decline of the dollar and rising costs associated with housing in capital cities. Specifically, the DIA request will provide:

- For additional costs associated with housing in capital cities. Our attaches and support personnel are housed throughout the system in comparable housing to their State Department contemporaries. Costs have increased dramatically over the last few years especially because housing must meet increased security requirements.
- For the Operation and Maintenance activities for quarters furnishings, equipment, to include generators and water pumps in less developed African countries where public utilities are unreliable and operate intermittently, and for replacement of furnishings damaged by climatic extremes of Africa, Asia, and the Middle East.

While the FY 1988 DIA Family Housing Program request represents a modest increase over the FY 1987 authorized appropriation, continuing efforts are being made to minimize these expenditures through State Department acquisition of government-owned housing. Use of such government owned housing provides an excellent alternative to private or government leasehold arrangements which have proven to be very costly.

Beginning in FY 1981, Congress and the Office of Management and Budget transferred responsibility for the purchase and construction of additional Defense Attache System quarters from Department of Defense to the Department of State. When such quarters become available, DIA leasehold requirements will diminish.

MILITARY CONSTRUCTION

Let me now turn to DIA's military construction requirements, Mr. Chairman. DIA has urgent requirements for upgrading electrical power service supporting two separate intelligence operations. The first is located in the Defense Intelligence Analysis Center (DIAC) at Bolling Air Force Base, and the second in the National Military Intelligence Center (NMIC) at the Pentagon.

ELECTRICAL POWER UPGRADE FOR THE DIAC

The DIAC Computer Center is supported by a 1000 KVA uninterruptible power supply (UPS), backed up by emergency electrical power generators. This equipment provides continuous electrical power for around-the-clock computer operations and emergency lighting in the event of anomalies and outages in commercial electrical power service. The present power load in the computer center is 860 KVA, and is expected to exceed the 1000 KVA capacity of the existing UPS equipment in the FY 1988 timeframe.

An additional capacity of 500 KVA is urgently needed to keep pace with expanding computer mainframe additions. Interruption of electrical power service could cause the loss of critical data and computer equipment damage. In addition, the DIAC's emergency power switchgear needs to be upgraded so it will automatically distribute available emergency generator power to critical loads on a preprogrammed priority basis. This will greatly increase the reliability of power to the most critical loads during a loss of commercial power.

Design, acquisition, and installation of equipment is estimated to cost $805,000. This amount is included in the FY 1988 military construction budget request.

ELECTRICAL POWER IMPROVEMENTS FOR THE (NMIC)

Design cost for the electrical power improvements for the NMIC in the Pentagon is also included in the FY 1988 military construction budget request. This design cost, in an estimated amount of $679,000, appears in the major construction request through a technical oversight. The Agency requests the design cost be removed from the major construction request and added to the FY 1988 planning and design request.

The NMIC is collocated with the National Military Command Center (NMCC) in the Pentagon. Both centers are operated around-the-clock to provide critical military intelligence and current indications and warning (I&W) for the National Command Authorities, Secretary of Defense, Joint Chiefs of Staff, the Unified and Specified Commands, the Services, and other major components of the Department of Defense. The NMCC is now supported with an uninterruptible power supply, emergency power generation, and back up chilled water system as required by the DoD Power Reliability Enhancement Program (PREP). The Joint Chiefs of Staff have added the NMIC to the DoD PREP priority list. Without similar support, the NMIC is a weak link that jeopardizes intelligence support to Pentagon decision makers in emergencies such as terrorist incidents and military operations such as Grenada and the attack on Libya.

Funds to provide for these critically essential electrical power and chilled water supply improvements are included in the program for FY 1989 (Procurement) and for the FY 1990 (Construction). The cost is estimated to be $7,208,000 in FY 1990 for site preparation and systems installation.

Deferral or denial of adding this design fund to the FY 1988 planning and design request would seriously jeopardize DIA support of the modernized NMCC and National Command Authorities.

Favorable consideration by the Committee of DIA's Military Construction and Family Housing budgets would be very much appreciated.

Mr. Chairman, I am prepared to respond to questions from you and the members of the Committee.

UPGRADES AT PENTAGON AND BOLLING AIR FORCE BASE

Senator SASSER. Thank you, Admiral Schmitt. I have no questions at this time.

Senator Stevens, do you have some questions?

Senator STEVENS. Is this the first time you have presented a request for the upgrades at Bolling and at the Pentagon?

Admiral SCHMITT. Yes, sir; the fiscal year 1988 Milcon program is the first time these two upgrade projects appear as a requirement.

Senator STEVENS. When your people are assigned overseas, do you handle their housing requirements? State does not handle that?

Admiral SCHMITT. It is all centralized through the State Department, sir.

Senator STEVENS. But you fund it through this budget.

Admiral SCHMITT. Yes, sir; we provide the money to them by military interdepartmental purchase request [MIPR].

Senator STEVENS. Thank you, Mr. Chairman.

Senator SASSER. Thank you.

Thank you, Admiral Schmitt.

STRATEGIC DEFENSE INITIATIVE ORGANIZATION

STATEMENT OF BRIG. GEN. MALCOLM O'NEILL, U.S. ARMY, DEPUTY DIRECTOR FOR PROGRAMS AND SYSTEMS, STRATEGIC DEFENSE INITIATIVE ORGANIZATION

ACCOMPANIED BY LT. COL. HARVEY PLAYER

BUDGET REQUEST

Senator SASSER. Our next witness this morning is Brig. Gen. Malcolm O'Neill, the Deputy Director for Programs and Systems for the Strategic Defense Initiative Organization.

General O'Neill, are you going to be accompanied there? I suppose not. So you may proceed as you wish, General.

General O'NEILL. Thank you very much, Senator.

I would like to introduce Major—excuse me, Lt. Col. Harvey Player, who is assisting me today.

Sir, it is a pleasure for me to appear before you. As you mentioned, I am the Deputy for Programs and Systems to General Abrahamson, the Director of the Strategic Defense Initiative [SDI], and I am appearing today on his behalf.

We have submitted written comments, but I would like to make a few oral comments if I may, sir.

The SDIO requests authorization and appropriation of $139 million for seven military construction projects in fiscal year 1988 and fiscal year 1989. These are indeed construction projects that are essential to the performance of the research tasks in the SDI.

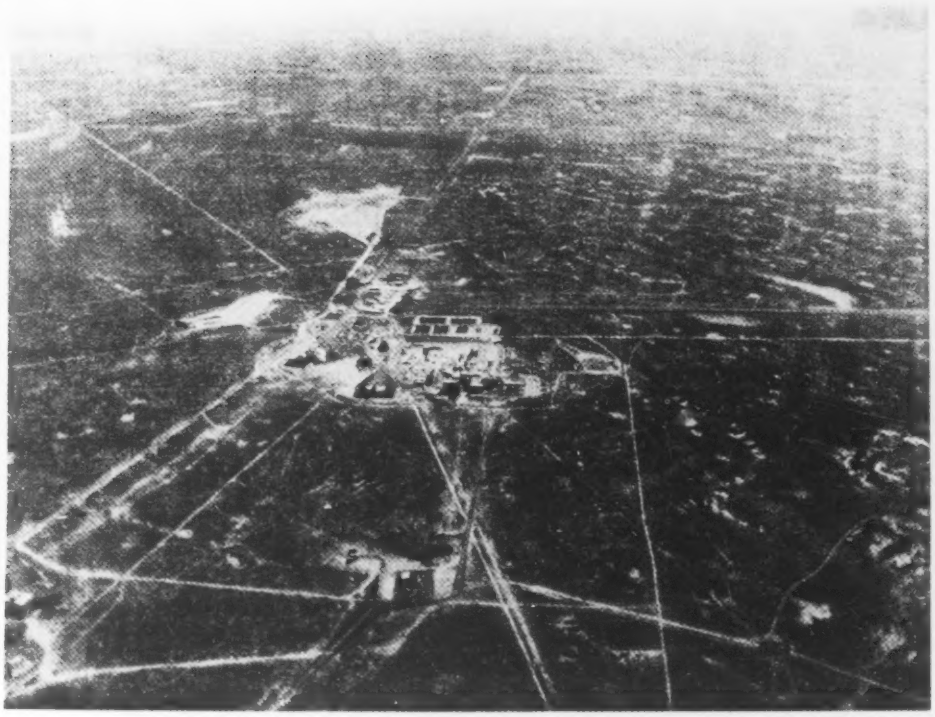
Six of the tasks, totaling $123.2 million, are in fiscal year 1988, and one task at $16 million is in fiscal year 1989. All are required to support SDI research and technology validation efforts, so a sound decision can be made about the feasibility of implementing ballistic missile defense.

Briefly I would like to discuss a few of the salient points concerning each of the seven projects, and show you on the vu-graphs a few photographs of the project sites.

[VU-GRAPH 1]

FORT MONMOUTH, NJ, PULSE POWER CENTER

General O'NEILL. The first project for $3.5 million is located at the Army's Pulse Power Center at Fort Monmouth, NJ. It provides modification upgrade of an existing electrical power dissipation capability. The upgrade is about a factor of 50 percent in the capability of the existing structure. The capability upgrade is needed to support full power evaluation of directed energy technology power supplies usable in the SDI research program.

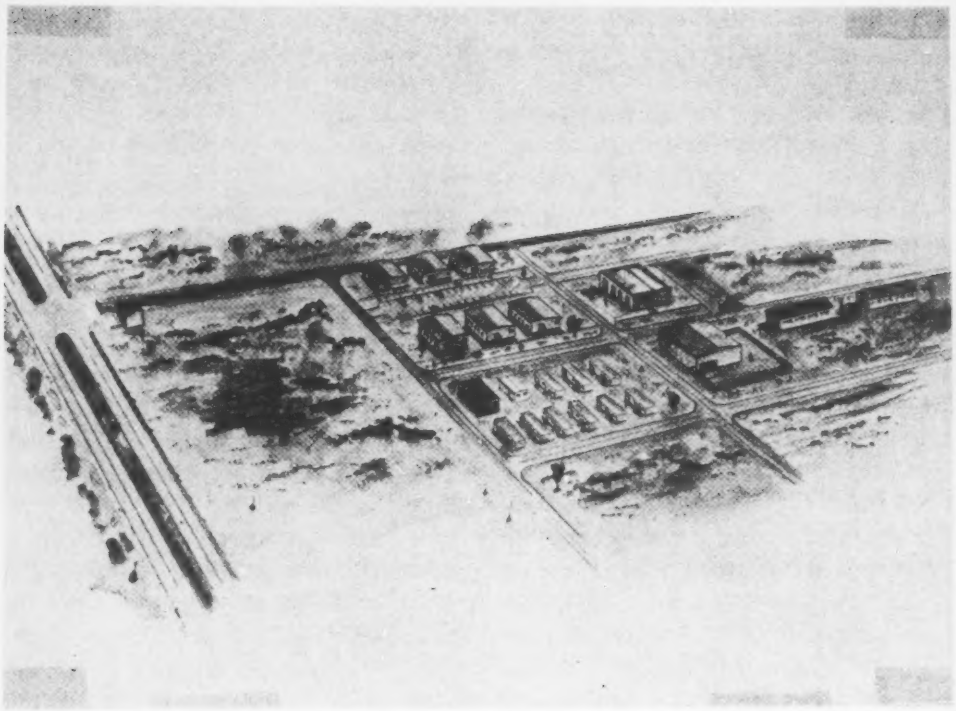


[VU-GRAPH 2]

WHITE SANDS, NM, HIGH ENERGY LASER TEST FACILITY

The second project for $3.2 million upgrades the high energy laser systems test facility, the HELSTF, at White Sands Missile Range, NM. The HELSTF, sir, is in the center of that chart at the position that Harvey has just indicated.

The location of the technical support area which we are asking for is straight up on the top of the chart, to the north of the HELSTF, about 2 miles. The work space at the present time in the high energy laser systems test facility is unuseable during tests, and the workers have to take cover to protect themselves against potential leakage of toxic gases.



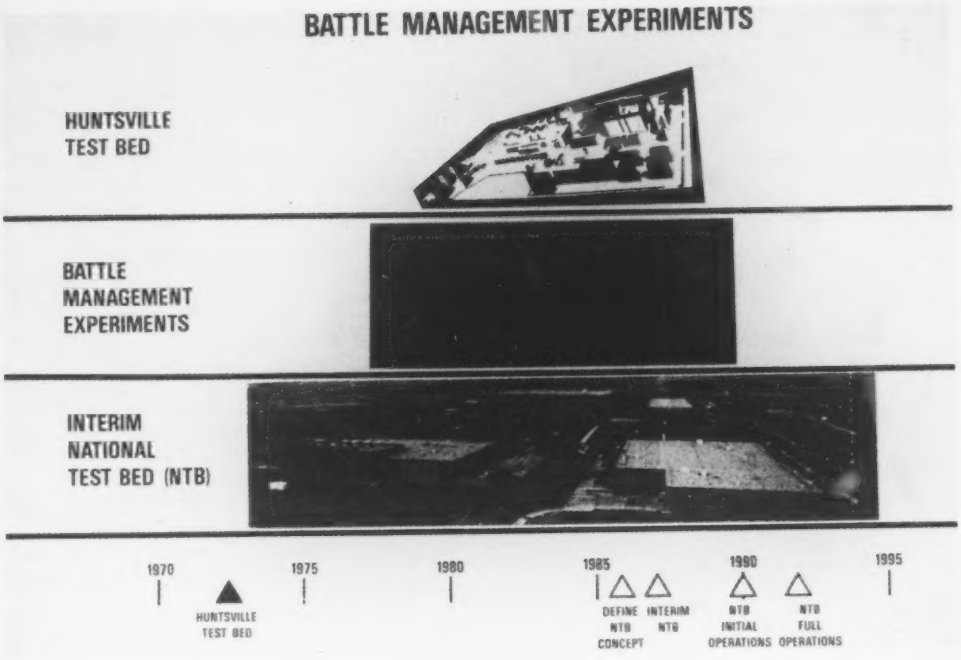
[VU-GRAPH 3]

FACILITY FOR HIGH ENERGY LASER TESTING

This facility, as shown in the depicted chart, would be remote at a safe distance from HELSTF and allow continuous operation for performance of support functions related to the high energy laser testing. It is also a facility that would be available subsequent to laser testing for other applications at the White Sands Missile Range. That is one of the reasons we felt very strongly it was a Milcon project.

Senator STEVENS. That would be exclusively for your people?

General O'NEILL. At the present time, sir, yes, it would be exclusively for our people—Army, Navy, and Air Force, specifically.



[VU-GRAPH 4]

FALCON AIR FORCE STATION, CO

The third project is a national test facility to be sited at Falcon Air Force Station, CO, at an approximate cost of $100 million. The national test facility complex will serve as the centralized core for resolving the simulation, hardware-in-the-loop testing, and battle management command and control issues related to the SDI. As you know, it is going to be very difficult to simulate the full integrated ballistic missile defense of the United States. The only way we feel it is productive to do that is in a facility like this in a computer-based simulation, rather than an actual hardware simulation.

As a national asset, the national test facility [NTF] will also be a focal point for computational software development, comprehensive simulations related to ballistic missile defense, and laboratory test resources required for developing and demonstrating evolving SDI technologies, and specifically software.

The process used to decide the requirement for construction of this facility at Falcon Air Force Station was a lengthy, exhaustive examination of all considerations. An initial set of site locations was examined. Some were eliminated from further analysis, and a final set of potential sites was examined in detail. The Falcon Air Force Station's location best satisfies the considerations shown.

NATIONAL TEST FACILITY SITE SLECTION EVALUATION FACTORS

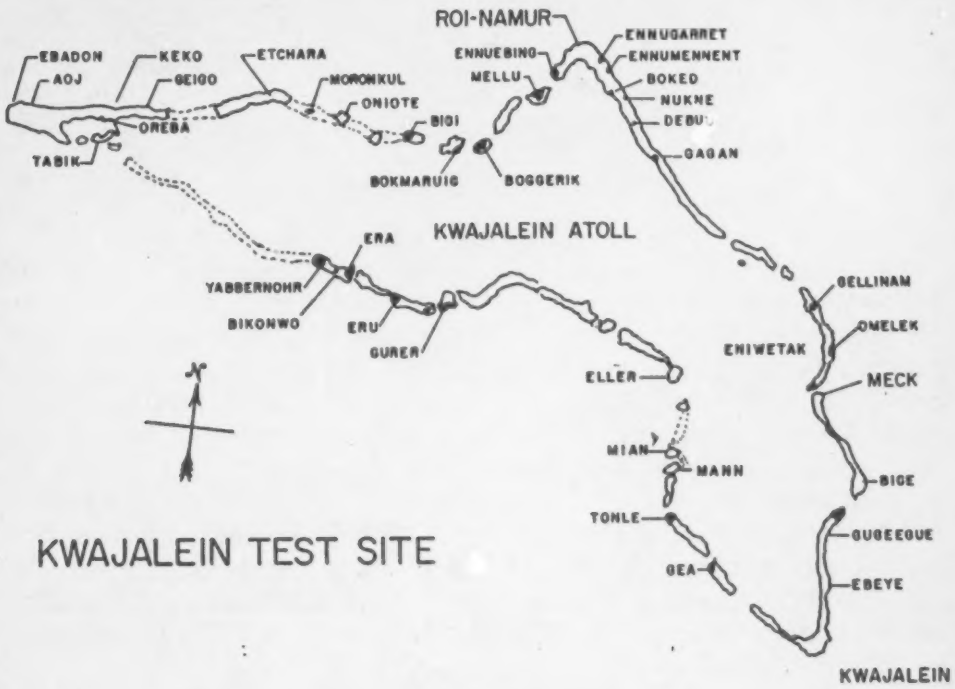
Proximity.
SDI integration potential.
Site characteristics.
Technical/commercial habitat.

[VU-GRAPH 5]

SITE SELECTION

As the subcommittee may be aware, we have had occasion to review other potential site locations. Excursions of this type have not resulted in another location that we feel is better or less costly to accomplish this function. In fact, the General Accounting Office has reviewed our estimates of cost to use certain existing structures, and has initially informally validated our conclusions. They have not yet formally submitted their report on this issue, however.

We are convinced that we have selected the best site for the national test facility.



[VU-GRAPH 6]

KWAJALEIN MISSILE RANGE

The fourth and fifth military construction projects modify existing missile launch facilities at the Kwajalein Missile Range to support tests and evaluation of a new generation of kinetic energy interceptors. Harvey, if you would point to Meck Island which is the site of two of our facilities, and then the Kwajalein Atoll which is the site of the third project.

MECK ISLAND UPGRADE

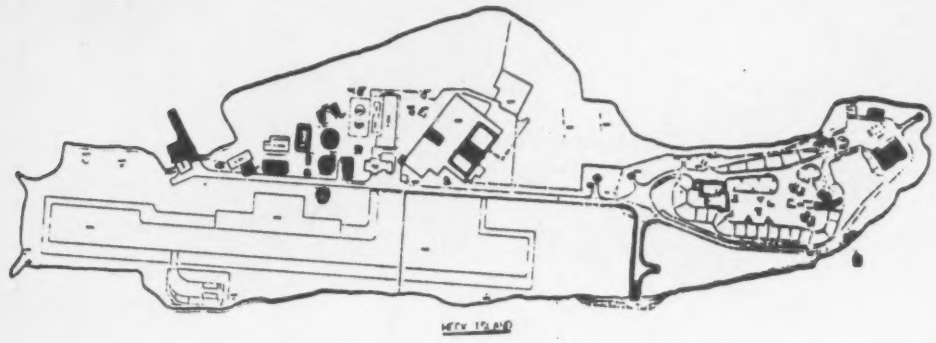
The initial upgrade at Meck Island, which is shown in this photo, for $7.9 million supports testing of an exoatmospheric reentry interceptor subsystem called ERIS against reentry targets.

Senator SASSER. Now where is Meck Island?

General O'NEILL. Meck Island, sir, is about 15 miles north of Kwajalein Island in the atoll. If you could, point to it again. That is Meck Island about 15 miles north, sir, of Kwajalein. All the individuals, the workers, live on Kwajalein. That is the only place we have housing. That is the only place we decided to outfit all the support—the utilities and things—for the occupants of the atoll.

ERIS/HEDI FACILITIES

MECK ISLAND



ERIS

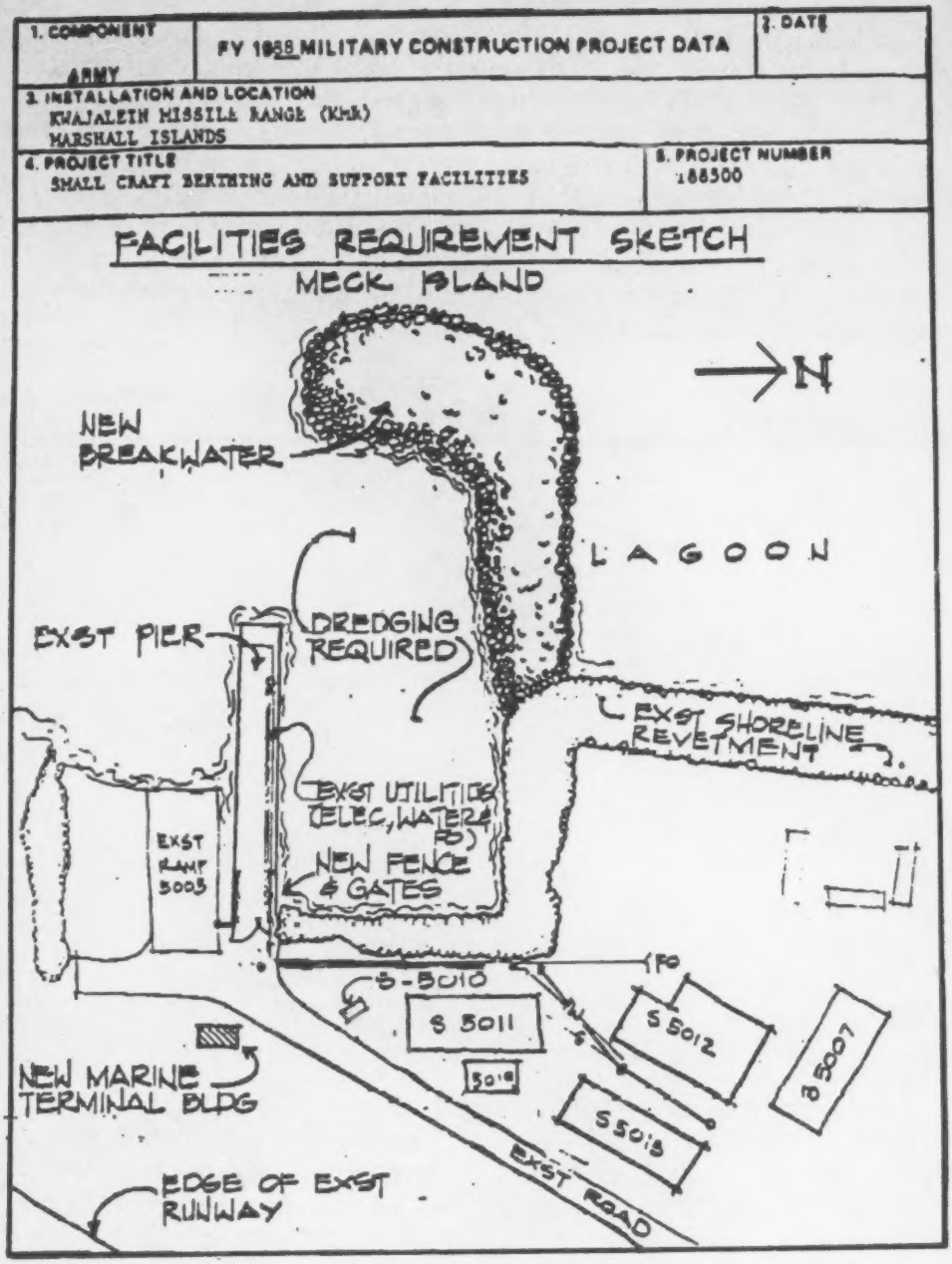
HEDI

[VU-GRAPH 7]

ENDOATMOSPHERIC INTERCEPTOR

The second upgrade for $6.5 million, also at Meck Island, supports testing of another kind of kinetic energy technology, a high endoatmospheric—that is high, but still within the atmosphere—interceptor.

We have worked intensively to consolidate the requirements for both of these launch facilities to the maximum extent possible to optimize the cost.



[VU-GRAPH 8]

CRAFT BERTHING FACILITY

The sixth and final fiscal year 1988 project for $2.1 million provides a small craft berthing facility which permits processing of approximately 200 contractors and technical personnel on a daily basis to and from Kwajalein Island. That drawing up there shows the lagoon, the dredging that is required in the berthing facility, and a new marine terminal building which will process individuals onto Meck Island.

Meck Island is a closed Government facility. No one is allowed on the island except during the operations and testing of hardware.

Our fiscal year 1989 project for $16 million modifies existing facilities at the Kwajalein Island to accommodate a terminal imaging phased array radar on the far end as you look at the island. The occupied portion of the island is the opposite end, which Harvey is pointing out right now. That is where the occupants of the atoll live.

The radar will consist of the latest state-of-the-art equipment and will conduct imaging and discrimination missions against inert reentry vehicles to evaluate the classification of various target objects, whether they are penetration aids, reentry vehicles, balloons, et cetera.

Although our Milcon projects represent only a fraction of the total cost of SDI, approximately 1 percent, they are the key to the success of the program.

Mr. Chairman, I ask the support of this committee for our request, and we will gladly answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF BRIG. GEN. MALCOLM O'NEILL

DEPUTY FOR PROGRAMS AND SYSTEMS

STRATEGIC DEFENSE INITIATIVE ORGANIZATION

THANK YOU, MR. CHAIRMAN, FOR THE OPPORTUNITY TO APPEAR BEFORE YOUR SUBCOMMITTEE. I AM BRIGADIER GENERAL MALCOLM O'NEILL, DEPUTY FOR PROGRAMS AND SYSTEMS, STRATEGIC DEFENSE INITIATIVE ORGANIZATION (SDIO).

I APPEAR BEFORE YOU ON BEHALF OF LIEUTENANT GENERAL ABRAHAMSON, DIRECTOR, SDIO, IN REFERENCE TO THE FISCAL YEAR 1988 AND FISCAL YEAR 1989 MILITARY CONSTRUCTION REQUEST. THE SDIO IS REQUESTING AUTHORIZATION AND APPROPRIATION OF $139.2 MILLION FOR SEVEN MILITARY CONSTRUCTION PROJECTS. THESE PROJECTS, SIX OF WHICH, TOTALING $123.2 MILLION, ARE PROGRAMMED IN FISCAL YEAR 1988 AND ONE, TOTALING $16.0 MILLION, IN FISCAL YEAR 1989 ARE REQUIRED TO SUPPORT SDI RESEARCH AND TECHNOLOGY VALIDATION EFFORTS.

THE SDI IS A RESEARCH PROGRAM, AIMED AT EXAMINING TECHNOLOGIES THAT COULD SUPPORT DEVELOPING A DEFENSE AGAINST BALLISTIC MISSILES. OUR REQUEST FOR $139.2 MILLION IS NECESSARY TO SUPPORT EFFORTS TO PROVIDE THE ESSENTIAL TECHNICAL DATA TO A FUTURE PRESIDENT AND CONGRESS SO A SOUND DECISION CAN BE MADE ABOUT THE FEASIBILITY OF IMPLEMENTING A DEFENSE STRATEGY AGAINST BALLISTIC MISSILES. TO SUPPORT THIS ONGOING RESEARCH EFFORT, WE REQUIRE FACILITIES CONSTRUCTION AND MODIFICATIONS TO EXISTING FACILITIES AT FORT MONMOUTH, NEW JERSEY; WHITE SANDS MISSILE RANGE (WSMR), NEW MEXICO; FALCON AIR FORCE STATION (AFS), COLORADO; AND THE KWAJALEIN MISSILE RANGE, MARSHALL ISLANDS.

BRIEFLY, I WOULD LIKE TO DISCUSS A FEW OF THE SALIENT POINTS CONCERNING THE SEVEN PROJECTS IN OUR FISCAL YEAR 1988 AND FISCAL YEAR 1989 MILITARY CONSTRUCTION PROGRAM.

THE FIRST PROJECT, TOTALING APPROXIMATELY $3.5 MILLION, IS LOCATED AT THE ARMY'S PULSE POWER CENTER AT FORT MONMOUTH, NEW JERSEY. IT PROVIDES FOR THE MODIFICATION AND UPGRADE OF THE ELECTRICAL POWER DISSIPATION CAPABILITY OF THE PULSE POWER COMPLEX. THIS UPGRADE IS REQUIRED TO SUPPORT FULL POWER EVALUATION AND LIFE TESTS ON MULTIMEGAWATT COMPONENTS ASSOCIATED WITH THE SDIO DIRECTED ENERGY TECHNOLOGY PROGRAM.

THE SECOND PROJECT, TOTALING APPROXIMATELY $3.2 MILLION, PROVIDE FACILITIES INFRASTRUCTURE UPGRADE OF THE HIGH ENERGY LASER SYSTEMS TEST FACILITY (HELSTF), WHITE SANDS MISSILE RANGE, NEW MEXICO. THIS TECHNICAL SUPPORT AREA OR INFRASTRUCTURE UPGRADE IS REQUIRED TO PROVIDE NEEDED STORAGE AND HELSTF SUPPORT CONTRACTOR WORK SPACE AT A SAFE DISTANCE FROM THE HELSTF COMPLEX WHILE TESTING HIGH ENERGY LASERS AND THEIR DAMAGE AND VULNERABILITY EFFECTS ON MATERIALS AND EQUIPMENT.

THE THIRD PROJECT IS THE NATIONAL TEST FACILITY. LOCATED AT FALCON AIR FORCE STATION, COLORADO AT AN APPROXIMATE COST OF $100.0 MILLION, THE NATIONAL TEST FACILITY COMPLEX WILL SERVE AS THE CENTRALIZED MANAGEMENT CORE FOR DEVELOPING THE SDI BATTLE MANAGEMENT/COMMUNICATION, COMMAND AND CONTROL SYSTEMS, AND FOR INTEGRATING AND EVALUATING GEOGRAPHICALLY-DISBURSED TECHNOLOGY VALIDATION EXPERIMENTS. AS A NATIONAL ASSET, THE NATIONAL TEST FACILITY WILL ALSO BE THE FOCAL POINT FOR THE COMPREHENSIVE COMPUTATIONAL SOFTWARE DEVELOPMENT, SIMULATION, AND LABORATORY TEST

RESOURCES REQUIRED FOR DEVELOPING AND DEMONSTRATING EVOLVING SDI TECHNOLOGIES.

THE PROCESS USED TO DECIDE THE REQUIREMENT FOR CONSTRUCTION OF THIS FACILITY AT FALCON AFS WAS A LENGTHY, EXHAUSTIVE EXAMINATION OF ALL CONSIDERATIONS. AN INITIAL SET OF SITE LOCATIONS WAS EXAMINED, SOME WERE ELIMINATED FROM FURTHER ANALYSIS, AND A FINAL SET OF POTENTIAL SITES WAS EXAMINED IN DETAIL. THE FALCON AFS LOCATION BEST SATISFIED THE CONSIDERATIONS. AS THIS SUBCOMMITTEE MAY BE AWARE, WE HAVE HAD OCCASION TO REVIEW OTHER POTENTIAL SITE LOCATIONS. EXCURSIONS OF THIS TYPE HAVE NOT RESULTED IN ANOTHER BETTER LOCATION. THE GENERAL ACCOUNTING OFFICE IS IN THE PROCESS OF REVIEWING OUR ESTIMATES OF COSTS TO USE CERTAIN ALTERNATIVE STRUCTURES AND THEY HAVE NOT COMPLETED THEIR REVIEW OR ANNOUNCED ANY FINDINGS. I DO NOT KNOW OF ANY REASON WHY THE GAO SHOULD ARRIVE AT A CONCLUSION DIFFERENT FROM OURS. WE ARE CONVINCED THAT WE HAVE SELECTED THE BEST SITE FOR THE NATIONAL TEST FACILITY.

IT IS NOTEWORTHY TO MENTION THE CONCLUSION OF THE HOUSE ARMED SERVICES COMMITTEE IN THEIR REPORT ON THE DOD AUTHORIZATION BILL. WHILE THAT COMMITTEE RECOMMENDED DEFERRING OUR REQUEST, WITHOUT PREJUDICE, IT WAS NOTED: "THE COMMITTEE'S ACTION SHOULD NOT BE INTERPRETED TO MEAN THAT THE COMMITTEE QUESTIONS THE DECISION OF THE DEPARTMENT OF DEFENSE TO SITE THE PROPOSED TEST FACILITY AT FALCON AIR STATION." THE CONSTRUCTION OF THAT FACILITY IS KEY TO SUCCESS OF THE SDI PROGRAM, AND WE URGE THIS COMMITTEE TO SUPPORT OUR REQUEST.

THE FOURTH AND FIFTH MILITARY CONSTRUCTION PROJECTS PROVIDE MODIFICATION AND UPGRADE OF EXISTING MISSILE LAUNCH FACILITIES AT THE KWAJALEIN MISSILE RANGE WHICH WILL SUPPORT TEST AND EVALUATION OF THE OPERATIONAL CAPABILITIES OF A NEW GENERATION OF INTERCEPTORS.

THE INITIAL LAUNCH FACILITY UPGRADE, TOTALING APPROXIMATELY $7.9 MILLION IS REQUIRED TO SUPPORT TESTING OF THE EXOATMOSPHERIC REENTRY INTERCEPTOR SUBSYSTEM (ERIS) AGAINST REENTRY TARGETS AT THE KWAJALEIN MISSILE RANGE. THE SECOND LAUNCH FACILITY UPGRADE, TOTALING APPROXIMATELY $6.5 MILLION, IS REQUIRED TO SUPPORT TESTING OF A HIGH ENDOATMOSPHERIC DEFENSE INTERCEPTOR (HEDI) AGAINST REENTRY TARGETS AT KWAJALEIN AS WELL. AS INDICATED, EXISTING MISSILE LAUNCH FACILITIES AT THE KWAJALEIN MISSILE RANGE WILL BE USED TO THE MAXIMUM EXTENT POSSIBLE TO MINIMIZE PROJECT COSTS.

THE SIXTH AND FINAL FISCAL YEAR 1988 PROJECT, TOTALING APPROXIMATELY $2.1 MILLION, PROVIDES FACILITIES REQUIRED FOR PROCESSING APPROXIMATELY 200 CONTRACTOR AND TECHNICAL PERSONNEL ON A DAILY BASIS TO AND FROM KWAJALEIN ISLAND WHILE IN SUPPORT OF THE ERIS AND HEDI TECHNICAL EFFORTS.

OUR FISCAL YEAR 1989 PROJECT, TOTALING APPROXIMATELY $16.0 MILLION, PROVIDES FOR THE MODIFICATION OF EXISTING FACILITIES TO ACCOMMODATE A TERMINAL IMAGING PHASED ARRAY RADAR AT THE KWAJALEIN MISSILE RANGE. THE RADAR WILL CONSIST OF THE LATEST STATE-OF-THE-ART EQUIPMENT AND WILL BE UTILIZED IN CONDUCTING IMAGING AND DISCRIMINATING MISSIONS AGAINST INERT REENTRY VEHICLES TO EVALUATE TARGET CLASSIFICATION PERFORMANCE.

ALTHOUGH THE AFOREMENTIONED PROJECTS REPRESENT ONLY A FRACTION OF THE TOTAL COST OF SDI, THEY ARE IMPORTANT TO THE OVERALL SUCCESS OF THE PROGRAM. IN SUMMARY, THE PROJECTS PROPOSED FOR FISCAL YEAR 1988 AND FISCAL YEAR 1989 AT FORT MONMOUTH, WHITE SANDS, FALCON AIR FORCE STATION, AND KWAJALEIN MISSILE RANGE ARE KEY ELEMENTS IN EXAMINING THE FEASIBILITY OF BALLISTIC MISSILE DEFENSE. I, THEREFORE, REQUEST AUTHORIZATION AND APPROPRIATION OF THE REQUIRED FUNDING FOR THESE SEVEN PROJECTS.

Senator SASSER. Well, thank you, General O'Neill, and I thank you for your statement.

The request for $100 million for the national test facility in Colorado is the largest single military construction project requested for fiscal year 1988. I will just have to say to you quite frankly that, in my view, the SDI Office has been negligent in dealing with the subcommittee on this particular request.

On March 4 of this year your office received a letter that I sent to General Abrahamson concerning specific questions that I had about the project. The question was: Where would it be most economical to construct this project? We were getting views from the Senator from Ohio that it might be more economical to construct the project there.

The subcommittee has not received a formal reply to my questions that went forward back in March. In fact, in my letter, which you received 2 months ago, I stated—and I want to quote from the letter: "It would be appreciated if you would direct your staff" talking to General Abrahamson "to communicate immediately with the staff of the Military Construction Subcommittee so that the subcommittee can be provided with a more detailed written justification of the proposed project."

This was necessary to make a judgment, I felt, on whether or not this project should go forward, or whether it should be located in Colorado, or Ohio, or where. Now that was 2 months ago, and the SDI Office not only failed to formally respond to my request, it took until last week for the SDI Office even to contact a member of my staff about it.

Had it not been for the intervention of the Senator from Colorado, Mr. Wirth, this project, as far as I am concerned, would have been in very, very serious jeopardy. When I failed to hear from your office, I was frankly concluding that, although the project was in the budget, for some reason it was not felt to be of sufficient priority at the SDI Office to even get out a letter to respond to the chairman of the subcommittee.

Now I was surprised at that. With regard to the specific questions that I had raised in my letter, quite frankly those questions have been resolved at least to my satisfaction. But I must say to you—and I would say to General Abrahamson—that they were resolved without a single input from his office. They were resolved simply because Senator Wirth became alarmed at what was happening with the project and took the matter into his own hands and saw to it that, if the SDI Office was not going to provide the necessary information, then he would secure it himself.

He has done that, and I am satisfied now that Falcon is the appropriate location for the national test facility.

I hope that, in the future, the SDI Office will be more timely in responding to requests for information from the subcommittee. Obviously that is the only way we can make judgments, particularly when they are contesting claims as to the most economical place to locate a facility.

The only way we can make a judgment, or one of the principal ways a judgment is made, is to get the information from your office.

So I would hope you would communicate to General Abrahamson our distress that it took so long to get this information to make a judgment on a project which I judge is very valuable to the overall success of the SDI effort.

I will defer now to Senator Stevens.

Senator STEVENS. General, it sounds to me like the SDIO has been between a rock and a hard place with the two Senators from Ohio trying to move it to Ohio, and the two Senators from Colorado trying to make sure it stays in Colorado.

TABLED ANTIBALLISTIC MISSILE TREATY

My questions pertain to the project itself. It is my understanding we have tabled now in Geneva a new concept of compliance with a narrow interpretation of ABM for a period of time, and that, if we get that agreement with the Soviets, it would mean that some of the Kwajalein tests would be postponed, and that the only way we would have to test some of the things that are going on in SDI is, in fact, this national test facility. Is that right, General?

General O'NEILL. Sir, I am not familiar with the recently tabled suggestion in Geneva.

Senator STEVENS. Well, let me say that is a given. You do not have to question that. I know it is there.

General O'NEILL. If that is a given, sir, and we cannot test at Kwajalein, we can test at White Sands. That is another test facility.

Senator STEVENS. It would not make any difference whether it was Kwajalein or White Sands, it would have to be within the narrow interpretation of the treaty, it is my understanding, at one of these facilities.

General O'NEILL. Yes; the narrow—let me, if I may, make a comment about the narrow interpretation of the treaty. The narrow interpretation of the treaty pertains to the issues that come to pass when one wants to test exotic technologies, when one wants to test technologies like high energy lasers, space-based sensors, space-based components of a ballistic missile defense system.

What we are talking about in the testing at Kwajalein are tests which under the restrictive interpretation of the treaty would be allowed, and would not be restricted in any way. The program—the present SDI program—is not allowed to spend money on design, planning, or execution of any test that does not comply with the restrictive interpretation of the treaty.

Senator STEVENS. I understand that.

General O'NEILL. So the only impact under discussion——

Senator STEVENS. I understand that, and I do not really think that this is the time to get into this concept.

General O'NEILL. Yes, sir.

Senator STEVENS. In terms of how far it goes.

LABORATORY TESTING

What I want to know is, does this test facility give us the ability to test in a laboratory those concepts which are beyond the narrow interpretation?

General O'NEILL. Sir, it does give us that capability. One has to, when one simulates reality, accept a certain degree of risk. What we try to do with our simulator is make it as credible and as reflective of mother nature as we possibly can.

FACILITY CONSTRUCTION TIMEFRAME

Senator STEVENS. Well, I am trying to get to the timeliness of this construction. How long is it going to take you to build it?

General O'NEILL. Sir, it is going to take us until the end of 1989 to build the facility. We will occupy it the end of 1989. We need the facility right now. That is why we are occupying an interim national test facility in about 50,000 usable square feet at the Consolidated Space Operations Center [CSOC], which is also located at the Falcon Air Force Station.

So we are right now in the mode of exploiting the available computing facilities for simulations. What we cannot do is the large emulation of the entire SDI. We will need the larger facility in order to do that.

Senator STEVENS. Well, I am sure you know that the Senate version of the authorization bill contains a requirement that SDI stay within the narrow interpretation. It is my understanding that the draft, as I said, that was presented in Geneva this week on the strategic portion of that negotiation would accept that for a period of time.

General O'NEILL. Yes, sir.

Senator STEVENS. If either one of those takes place, the SDI is going to have to live for a period of years within the narrow interpretation.

General O'NEILL. Yes, sir.

Senator STEVENS. If it does and we are going to have research, we have got to have this facility, do we not, on a timely basis?

General O'NEILL. Yes, sir.

ADEQUACY OF TEMPORARY FACILITIES

Senator STEVENS. Now the House deferred the money because of the temporary facilities that you are occupying. How long will those be adequate?

General O'NEILL. Sir, those facilities will be adequate until oh, I would say, the middle of 1989. By that time, we will be doing enough in the national test facility function that we will outgrow the available floor space at the CSOC, and it will be necessary then to start the move into the national test facility.

Now Colonel Player has just noted that a portion of the NTF can be occupied before the building is completed. You can take beneficial occupancy of a portion of the facility and expand before the end of 1989.

Senator STEVENS. Will that enable you to move out of that temporary facility before 1989?

General O'NEILL. No, sir; in 1989. In 1989. But the facility is available to us, and we do not need to move out of it until 1989. The move constitutes about 500 yards of movement, so it is not as difficult as it would be if it were from one part of the country to another.

Senator STEVENS. Well, as one who supports SDI, I am concerned about the situation where we might get into the narrow—locked into the narrow interpretation and not have this facility. What happens then?

General O'NEILL. That would be a very difficult situation, sir. You would not be able to take the technical elements of the SDI—the sensor, the weapons, the battle management/communication, command and control systems [BMCCC]—mix them together and estimate accurately how the system, based upon those pieces, would perform. That is the function of the national test bed.

You would also not have a facility to test the BMCCC portion of the SDI technology, because we have always planned to use the national test facility. Its secondary role is to be the experimental site for BMCCC, because we could not find a more economical way to do it.

So it would be devastating to the program.

TEMPORARY DEFERRAL OF FUNDS

Senator STEVENS. What is the effect of the 1-year deferral in the funds? Will a temporary space be available? That is two questions. What is the effect of the temporary deferral of funds?

General O'NEILL. Sir, if the funds were deferred, we would try to get the moneys into the 1989 Milcon if we could, although we have submitted a 2 year, as you know, a 1988–89 budget request. So that would be very difficult. If it were a 2-year deferral, it would be devastating. If it were a 1-year deferral, the issue would be: Could we make an accommodation with our host, the U.S. Air Force, at the CSOC at Falcon to give us additional space for the period until we had a facility available.

Senator STEVENS. You would need additional space in 1989 in any event.

General O'NEILL. Yes, sir.

Senator STEVENS. Beyond what you temporarily are using.

General O'NEILL. Yes, sir.

Senator STEVENS. So that a deferral now means we are going to face additional costs in 1989 in any event to give you additional space?

General O'NEILL. Yes, sir.

Senator STEVENS. But if you had the money this year, you would be able to move and give the Air Force back its space some time in 1989?

General O'NEILL. Yes, sir, that is correct.

Senator STEVENS. Thank you very much, Mr. Chairman.

Senator SASSER. Thank you.

Do you have any questions, Senator Reid?

Senator REID. Senator, I do have some questions, but I am wondering, are you going to have Gordon Dowery? Is he going to testify? I see him on the witness list.

My questions relate to that and I have a brief statement, but I will wait until he comes.

Senator SASSER. Thank you, General O'Neill. Thank you, Colonel Player.

General O'NEILL. Thank you, sir.

NATIONAL DEFENSE UNIVERSITY

STATEMENT OF LT. GEN. BRADLEY C. HOSMER, U.S. AIR FORCE, PRESIDENT, NATIONAL DEFENSE UNIVERSITY

Senator SASSER. Our next witness is Lt. Gen. Bradley Hosmer, president of the National Defense University [NDU]. General Hosmer requested to testify on behalf of $33 million for a new facility to house the National Defense University.

General Hosmer, you may proceed as you wish.

General HOSMER. Thank you, Mr. Chairman, Senator Stevens, Senator Reid.

I will be joined by my colleague, Col. Mike Alba. I appreciate being here today. I've submitted a statement for the record but would like to hit the high points of the proposal and answer your questions.

The National Defense University proposal is a request for $33 million to construct a university building at Fort McNair in the District of Columbia. The building would have 223,000 square feet and it would house university missions and tasks that have been added since the university was formed in 1976. It would be on a site called Tempos A and B—you have the map—on 10 plus acres at Fort McNair. It would become part of Fort McNair.

A recent history of the National Defense University may be useful to understand the merits of the request. Through 1975, we had at Fort McNair two very strong educational institutions, the Industrial College of the Armed Forces and the National War College. In 1976 the Joint Chiefs of Staff [JCS] and the Secretary of Defense agreed that the strength of those two institutions should be combined into a single university.

Because of the strength of this joint university, more work has been added, both the students and the educational and research work have increased. People assigned are up about 51 percent since 1976, and the average student load has more than doubled. Fort McNair has absorbed a 30-percent increase in faculty and students, with no increase in facilities. The balance of the increases has spilled over and is housed at various locations that are dispersed in southwest and southeast Washington.

A few specifics may help. The need for additional joint senior professional military education starting from 1976 has led to an increase in enrollment in the two colleges of 61 students.

Also, since the creation of the university three institutes have been added which, for the most part, have been absorbed into the existing facilities at Fort McNair.

Specifically, the additional 30 percent squeezed into Fort McNair has cost the two colleges 48 research and study rooms at the same time their student load has increased. As a result of these changes, rooms and work areas are scarce and, therefore, overcrowded. Consequently, we are teaching seminars with up to 20 students where we should have only 12.

This overcrowding is one compelling reason why the project should be appropriated by fiscal year 1988. Another aspect of this is the library. The library situation is critical. It troubles me and I think it should trouble you.

Senator SASSER. Would you pull that mike a little closer.

General HOSMER. Of course, yes, sir. Is that better?

Senator SASSER. I think it is going to be.

LIBRARY SITUATION

General HOSMER. The library situation I was referring to is critical. We have nearly 400 graduate students. Research and study areas for them in the library are sorely lacking. Very little space exists where students can spread out and work. Less than one-quarter of the student body can sit down in the library at a given time. We have 11 undersized study tables on which we can accommodate less than 10 percent of the students in a place where they can spread out and do serious work. As a result, a lot of research and study competes at home with the children for attention, which is obviously not good. Absence of space in the library is not balanced by space anywhere else. Also, the library complex is spread out over four separate facilities. We cannot provide the kind of support for serious work that you and I should expect.

Why is this project a top priority for the Department of Defense? The simplest way to say it is that joint professional military education is compromised, so much so that last fall I asked the JCS to let us decrease enrollment in the colleges to the level 10 years ago. The JCS said no, the Department of Defense simply cannot afford the loss of any officers with joint education.

GOLDWATER-NICHOLS ACT

Independent of my own judgment about the importance of quality, we have the Goldwater-Nichols Act which expresses the judgment of the Congress about the importance of joint matters and of joint professional military education in particular.

The Goldwater-Nichols Act impacts directly on the National Defense University. The act requires that the Secretary of Defense maintain rigorous standards for military education of officers with a joint specialty.

The simple way to say that is the Goldwater-Nichols Act increases the importance of overcoming NDU's inadequacies in quality and it increases the urgency of appropriating funds to build this proposed university building.

As you know, Congress authorized the building for fiscal year 1986 and the Senate included it in its appropriation. I think you would agree this substantiated the need for the project. A few things have changed since fiscal year 1986, when we were not appropriated. First, the project is over 90 percent designed. Second, the General Services Administration deeded the land to Department of Defense last June, and third, in January of this year, demolition of the Tempo Buildings on the land began.

Fourth, we have final approval from the four national commissions, which is a major achievement. In fact, the agreement of all four is an absolute condition for approval of the building design, and we now have it.

Fifth, faculty and student load has increased further. For example, our joint orientation course for new flag officers is mandated for all new generals and admirals by the Goldwater-Nichols Act, and we have implemented that change.

Finally, as I pointed out earlier, that same act now requires the Secretary of Defense to maintain rigorous standards for military education of officers with the joint specialty. I think that says clearly why this project is an urgent and critical priority for the Congress as well as for the Department of Defense.

I respectfully request your support in appropriating it in fiscal year 1988, sir, and I would appreciate the chance to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF LT. GEN. BRADLEY C. HOSMER, USAF

PRESIDENT

NATIONAL DEFENSE UNIVERSITY (NDU)

Mr. Chairman and members of the committee:

I am pleased to have the opportunity to appear before you this year to discuss the National Defense University's Fiscal Year 1988 Military Construction Program at Fort Lesley J. McNair, in Washington, D.C.

OVERALL REQUEST

The request for Fiscal Year 1988 is for $33M in appropriations. This amount will fund construction of a new Academic Operations Center of approximately 223,000 square feet. It will house the Department of Defense Computer Institute, the University Library, the Institute for National Strategic Studies, the NATO Staff Officer Orientation Course and the Command and Support Staff.

The site upon which the building will be constructed is known as Tempos A and B some 10.6 acres immediately east and adjacent to Fort McNair. Upon completion of the project, the site will be completely enclosed by a brick wall which will in fact be incorporated into Fort McNair proper. The land was transferred by deed to the Department of Defense in June 1986 by the General Services Administration. This transfer was mandated by the Military Construction Authorization Act of FY 86. Additionally, the Act stated that the project was indeed well justified and it was authorized into law at that time.

Request for full funding has been programmed in the President's Budget for FY 88 by the Office of the Secretary of Defense which is a clear signal of the importance and criticality of the project to the Department of Defense.

Why is the need for this facility so important to the Department of Defense and to the National Defense University? Because at this time our ability to perform joint professional military education and our other tasks is compromised and the DOD Reorganization Act is properly raising the nation's expectations for joint professional military education even further.

The National Defense University provides the nation's highest level of joint professional military education to officers of the Armed Forces in the rank of General/Flag officer, Colonel/Captain, Lt Colonel/Commander and their civilian equivalents in federal departments and agencies. Additionally, of course, it provides important courses for other levels of officials. Operating directly under the guidance and direction of the Chairman, Joint Chiefs of Staff, the institution prepares selected military and civilian officials, in a joint environment, to fulfill responsibilities at the national level for: National security policy and strategy, force generation, joint and combined operations, and resource management. Additionally, we perform research and policy analysis for the Secretary of Defense and Chairman, Joint Chiefs of Staff. Coordinating professional military education for the Chairman, JCS, our focus is targeted on fostering cooperation among the services and all the elements of the federal government to achieve consensus on national security goals.

At this moment we are working to implement the mandates of the DOD Reorganization Act of 1986 which requires that we strengthen our focus on joint matters, preparing officers for joint duty. The law also gives a clear recognition of the important role education plays in providing joint perspective and mandates enhancement of the education of officers in joint matters. It further states that the Secretary of Defense shall require that joint professional military education schools maintain rigorous standards of the military education of officers with the joint specialty. The fact is that our ability to perform these important tasks has, over the past decade, been significantly eroded.

Our challenge is really two-pronged. First, we face a declining capability to offer the educational experience that our students, who will be going to the senior levels of our government, need. That was bad enough, and was the genesis

of our earlier requests for support of this construction. Now, however, our requirements have increased as our capabilities have diminished. We must increase the level of excellence in the quality of the education that we are offering. Without a new facility, I do not believe that the University can meet the expectations that are levied on it by the new law.

The curricula offered by the University's three colleges, the National War College, the Industrial College of the Armed Forces and the Armed Forces Staff College, focus on the essential elements of national security and on the management of defense resources. Upon course completion, graduates are identified for senior policy, command and staff positions which involve them in planning and directing ways to meet our national security objectives. Many move on to general or flag and senior government positions at the highest levels in our nation's security establishment.

The University mission is twofold - in addition to its educational commitment, it is charged by the JCS with a critical research responsibility in direct support of the national security community. Other academic research which NDU conducts is also product oriented and focuses on current national security issues. Three major research centers, intensive student study programs, and research fellows produce papers, analyses, studies and proposals that delve deeply into national security issues in response to direct requests from the Secretary of Defense, the Joint Chiefs of Staff and departments of the federal government.

Critical, time-sensitive issues relating to geopolitical tensions and global employment options are addressed, as are longer term subjects such as strategic lines of communication and mobilization priorities. Much of this research represents studies specifically chartered by elements of the federal government.

In our recent history, for example, a National War College Strategic Studies paper was commended by the White House for providing a total blueprint for a National security decision directive on counterrorism policy and organization. The Industrial College accomplished a comprehensive evaluation of domestic continent legislation for DOD purchases; and the Mobilization Concepts Development Center produced a highly acclaimed study of the Korean defense industry after visiting that country.

HISTORICAL BACKGROUND OR ADDITIONAL MISSION TASKINGS

Since 1981 the University has assumed a number of critical roles and assignments which have increased its mission responsibilities. The staff and faculty impact of the new missions has been an increase of 51 percent over the strength of the University in 1976. For the organization in Washington, the University's average student load (a technical term that allows for baseline comparisons) has increased from 275 to 779, a 183 percent increase from 1976 to 1987. All this has happened without any added facilities at Fort McNair which has absorbed a 30 percent increase in faculty and staff. The balance of people and missions are temporarily in leased space at dispersed locations.

In August 1981, the Armed Forces Staff College (AFSC) at Norfolk, Virginia became the University's third college. AFSC had been tasked with preparing mid-career officers for joint and combined staff duty since 1947 and this move effectively placed all Department of Defense joint professional military education under the National Defense University.

Beginning also in 1981, three major research centers were established at NDU at the direction of the Secretary of Defense to provide the capability of developing studies and analyses of specific issues. In December 1981, the Strategic Concepts Development Center (SCDC) was chartered to do studies on joint and combined strategy, force planning, and employment concepts; and provide independent reviews.

In April 1981, the Mobilization Concepts Development Center (MCDC) was established to provide analyses and studies on a wide range of mobilization and

associated topics. Both the SCDC and MCDC are tasked to provide studies in response to direct requests from the Secretary of Defense; Chairman, JCS; and the Joint Chiefs of Staff. Supporting both Centers and the University's educational mission through conceptual war gaming and analysis is embodied in the War Gaming and Simulation Center (WGSC) established in May 1982.

In September 1982, at the direction of the Secretary of Defense, the Department of Defense Computer Institute became an additional element of NDU. The institute brought with it the mission of providing instruction in Information Resources Management and Automated Information Systems to senior military and civilian executives in the Department of Defense.

Later in the fall of that year, the Institute of Higher Defense Studies was established to address the continuing educational requirements of general and flag officers. A series of pilot courses, dubbed "Capstone," were developed representing the only general officer course in specialized joint education provided within the Department of Defense. We have just increased this course from two courses a year to four, in order to comply with the DOD Reorganization Act's requirement that virtually all new one-star officers complete this course.

In 1984 this Institute was further expanded to include representatives from twelve friendly countries. Invited by the Chairman, Joint Chiefs of Staff, these senior officers spend the academic year contributing to and enriching the curricula at the University while expanding their knowledge of U.S. military, political, economic, social, and cultural dimensions.

In 1984 the Institute for National Strategic Studies was established to consolidate and coordinate all research activities at NDU into one organization. Created to advise the Secretary of Defense, the Deputy Secretary of Defense, and the Chairman, Joint Chiefs of Staff on directed topics concerning U.S. national security, the Institute became the mechanism to integrate the policy analysis and research functions of three centers and the NDU Press.

In 1986, the NATO Staff Officer Orientation Course was added to the University's missions at the direction of the JCS. This course was designed to prepare selected officers for joint duty in the NATO environment. We will be conducting 11 two-week courses (a total of some 340 students) a year in the already overcrowded Department of Defense Computer Institute's Facility at the Washington Navy Yard.

The Advent of these new organizations and the scope of their responsibilities, in concert with an enhanced curriculum at both senior colleges, represented an extensive expansion in the mission of the University, and a major stress on existing resources. While the Armed Forces Staff College and the Department of Defense Computer Institute retained their physical plants, the University was tasked to manage and support these five other additional missions and attendant personnel with existing facilities. In fact, the personnel involved in these four organizations are now accommodated in buildings where educational facilities were already overcrowded. The NWC building, for example, was built in 1907 and was judged by facilities engineers to be 65 percent efficient while the ICAF building is only 57 percent efficient. (Efficiency is defined as net usable square feet divided by gross square feet.)

Compounding this problem is the fact that since 1976 the need for senior joint professional military education has caused its enrollment to increase by 61 students. Recently the National Defense University request that the Joint Chiefs of Staff consider a reduction in the enrollment of the numbers of students in the principal colleges. The response was negative because the Department of Defense could not afford a diminished stream of graduates.

Additionally responsibilities worsen this problem. The University hosts two major symposia at Fort McNair each year. These meetings are internationally recognized conferences which explore critical national security issues associated with their respective geographical areas. Our facilities are also much used by workshops and conferences sponsored by the Secretaries of Defense

and Army, as well as other senior requesting government officials. These gatherings are attended by diplomats, senior governmental officials and officers of many nations--yet there is no dedicated or partially dedicated space available within the University to conduct and support these conferences. These activities must be conducted at the expense of student lecture facilities and auditoria.

DISCUSSION OF MISSION IMPAIRMENT FACTORS

When the National Defense University was established in 1976, there was no provision made for additional facilities. Presently, the University functions are accomplished in 243,570 square feet of the existing permanent buildings at Fort McNair (presenting a 223,000 square foot shortfall). The Department of Defense Computer Institute, the NATO Staff Officer Orientation Course, the NDU Printing Plant, Logistics Storage, the Library Storage, the Extension Program's Directorate and part of the University's Research Directorate, are located in leased space at the U.S. Navy Yard and in the Harkins Building. The physical separation of these five distinct University operations makes the daily operations of NDU inherently inefficient. Similarly, the University Library is functionally impaired by being forced to operate from four locations one and one-half miles apart. This impedes research and academic activities and makes research management unwieldy for research and study--in short, it is inefficient, less effective, and more costly.

Despite the fact that we are leasing space, the seminar rooms and student body areas at the Fort McNair campus are presently overcrowded, making efficient teaching and the overall learning experience very difficult. The establishment of the National Defense University and the tasking of its additional missions have resulted in approximately a 40 percent loss of space available to the Industrial College (Eisenhower Hall) and a 33 percent loss of available space in the War College. The consequence has been a loss of 48 "educational rooms," (i.e., student body rooms, faculty offices, and classrooms).

In the seminar rooms, which is our primary educational locus, at the National War College, we have 15 students per seminar. In the Industrial College we have 20 students per seminar. The seminar optimum number of each of the colleges is 12.

The study rooms which were intended to be used for study, research and computer training, have become more like locker rooms. Serious work is not possible in this environment. We are crowding as many as 12 students per room in the Industrial College and up to 17 per room in the War College. Students are literally stacked end-to-end and back-to-back throughout the University.

With regard to our library, we presently have insufficient research and study areas, a problem which is exacerbated because of the shortfalls in student study spaces in both of the colleges. As mentioned, our reference and research materials are spread over four facilities. We have a need to consolidate all of our library collections and improve our research services with materials in one location. The size of the NDU collections is projected to increase from 240,000 to 600,000 volumes by the year 1990, and includes a repository of important documents and several major collections on national defense, and the personal papers of numerous senior leaders of our nation. Further, without a technologically modern and integrated system, the University will not be able to compete effectively in our primary mission functions of academic study and research. The new building will position the University at the competitive edge of academic excellence, where you have a right to expect it to be.

To further illustrate the shortfall, we have made a columnar comparison of the other Senior Service College Academic Library facilities; please make a special note of NDU's available seating.

	Student Body	Seating Available	Square Footage	Book Stacks (Linear Ft)	Size of Collection
Army War College	235	260	38,688	38,646	500,000
Naval War College	388	172	62,000	37,800	460,000
Air War College	236	611	70,000	45,653	1,720,000
NDU (4 Locations)	391	88	23,767	22,440	240,000

*Air War College is supported under the umbrella of the Air University and has a student throughput of 1,768 students per annum at the Maxwell Air Force Base, Alabama campus.

A critical shortage of office space exists which impacts both on the University's staff and its ability to educate its students. The three new research centers and the Institute of Higher Defense Studies--organizations designed to carry out mandated recent missions--required 20,000 square feet of space which was taken directly from the existing student rooms at the Fort McNair campus.

As a final comment, the National Defense University does not have the resources to offer our senior level federal executives a program similar to many of our comparable civilian universities. However, we are seeking the opportunity to construct a facility which will offer similar, albeit modest advantages.

CONCLUSION

I appreciate this opportunity to appear before you to present the National Defense University's Fiscal Year 1988 Military Construction request. This request is consistent with the President's objective for economy, management efficiency, and excellence in professional military education for our civilian and military men and women. Equally important to the construction of this facility is that it will enable us to comply with the mandates of the Department of Defense Reorganization Act of 1986.

If the University's Academic Operations Center does not become a reality in Fiscal Year 1988, there are three consequences which I am confident will result. First of all, the University's mission execution, in terms of the levels of the quality of education, will continue to be compromised. Secondly, we will be unable to comply fully with the provisions of the DOD Reorganization Act. Lastly, the National Defense University will to become a "University" in both its conceptual and physical forms.

To contribute to the strength of our nation's security and defense through top quality joint professional military education, I urge your wholehearted support.

I will be pleased to answer any questions you may have. Thank you very much.

BUDGET PRIORITIES

Senator SASSER. Well, thank you very much, General Hosmer, for your testimony. You certainly make a good case for consolidation and management.

But I must say to you that the committee is going to have to judge your project vis-a-vis all of the other military construction requests, and, under the best possible scenario, we are going to have to cut $800 million or more from this military construction bill this year.

Faced with that situation, obviously projects are going to have to be deferred. I know that we have deferred your buildings before, but I regret to tell you that the budget situation has not improved since then.

So I suppose my question would be, what makes this project a priority over other projects that we are having to deal with? Why should it be funded instead of other projects that we would have to cut in order to comply with the budget resolution?

General HOSMER. Sir, I can only speak to the absolute requirements of this project and refer to the Congress' own sense of urgency as expressed in the Goldwater-Nichols Act of last year, which adds to the reasons we brought it forward previously.

The chairman of the Joint Chiefs has expressed himself on this project and did so recently here, not before your committee, but before another committee of Congress. And of course is better positioned to speak to the relative priority of this project compared to others.

We feel it is important because it addresses a long neglected area in our professional development as officers. It is connected broadly and over the long, long term with the quality that we can bring to the security of the Nation in an area that has been, let us say, overlooked before.

EDUCATION OF MILITARY SENIOR EXECUTIVES

Senator SASSER. Well, I think what you are saying is important and, quite frankly, you are persuasive in the case that you present here. But I would say to you, General, that given the problems that we are confronting, my view is that, if we are going to be able to accede to your request here today, you are going to have to scout up some high-level support over there in the Pentagon for it.

Senator Stevens.

Senator STEVENS. Well, Mr. Chairman, I look at it another way.

You make the comment that you want your senior executives in the military to have comparable education to the civilian community, is that right?

General HOSMER. I would hope even better, sir; comparable in quality, but different in substance.

Senator STEVENS. Why do you not send them to the civilian community then for this education? You have authorization. We do not need to build more—put more money into bricks and mortar and buy more books, build more facilities.

The Nation's universities are adequate for all the civilian portion of the Federal Government's senior executives. Why are they not adequate for you?

General HOSMER. Sir, we find that there are no civilian universities that provide the same thing, that provide the focus on national security, on the planning and strategy that we expect that our senior people have a good grasp of, and that are able to handle some of the particularly sensitive and classified material and opinions and judgments and discussions.

USE OF EXISTING WAR COLLEGE FACILITIES

Senator STEVENS. You have got an Army War College, a Naval War College, and an Air War College, and the National Defense University. Why can you not use the facilities of the three war colleges on a rotating basis for your senior executives for this training?

Do we have to build another enormous facility here in Washington for this? We have got—as I understand your own presentation, the Air War College, you have got 1,720,000 books in their stacks and we have a student body of 236 and a seating available of 611.

I think the chairman makes a good point, that somewhere there are some priorities in this. And those of us who want to support the military budget ought to be looking for some places to use existing facilities to the maximum and not put more money in bricks and mortar right now.

And I think the chairman has got a tough job. You know, he and all of us are going to be instructed by the Budget Committee in terms of what is the maximum amount of money in this area.

And I have got to tell you, from my point of view, making more seats available for general officers and more books available for general officers in Washington so they do not have to have the problem of going to Alabama or to New York or to the Naval War College, it just does not strike me as being the thing that we need.

And I think you ought to tell the Secretary from the point of view of this Senator, who supports the Department of Defense efforts to the utmost, I think, that this request ought to be drawn back. We need some priorities here, and your people, your general officers, could go to any one of three colleges and get training that is not available to any one of our civilian executives already.

I see no reason for us to go—you make the case that you want to have a bigger research library. You want to increase from 240,000 to 600,000 volumes by 1990. Why, so that it will be within driving distance of the Pentagon? If these people are students, why do they not go out to the war colleges?

I am really serious. I think this university has reached a zenith as far as this Senator is concerned. These other colleges can adequately meet the needs of the services, and if you want a combined training, and I think that is a good idea, you ought to rotate between those three war colleges on an annual or biannual basis.

But to ask us now to take $33 million out of this tight budget for increased volumes, which would duplicate, as I understand your own testimony, the facilities that are available at at least one of the war colleges, I think you are asking the chairman for an impossible job.

You get that money and some of those troops out there that need on-base housing are not going to get it. And I think you ought to put this to your generals on that basis: Do they really need to study within driving distance of the Pentagon, or if they want that education why can they not go to Alabama?

And in my judgment, it is time for some priorities to come out of you people, and you should not be dumping them all on this committee in the way that you do in terms of an overwhelming demand for bricks and mortar, far beyond the capabilities of this committee to support.

So as far as I am concerned, Mr. Chairman, this is one request I am not going to support.

Senator SASSER. Senator Reid.

Senator REID. No questions.

Senator SASSER. Thank you, General.

General HOSMER. Yes, sir. Thank you.

DEFENSE LOGISTICS AGENCY

STATEMENT OF MAJ. GEN. STANTON R. MUSSER, U.S. AIR FORCE, DEPUTY DIRECTOR, DEFENSE LOGISTICS AGENCY

ACCOMPANIED BY:
DICK CONNELLY, BUDGET OFFICER, DEFENSE LOGISTICS AGENCY
CAPTAIN STREET, DIRECTOR OF INSTALLATIONS

INTRODUCTION OF ASSOCIATES

Senator SASSER. Next we will call Maj. Gen. Stanton Musser, the Deputy Director of the Defense Logistics Agency [DLA]. We welcome you, General, before the committee this morning. If you would be good enough to identify your colleagues this morning for the record, you may proceed.

General MUSSER. Thank you, sir, Senator Stevens, and Senator Reid.

I have with me this morning Mr. Dick Connelly, my budget officer; and Captain Street, my Director of Installations.

DEFENSE LOGISTICS AGENCY MISSION

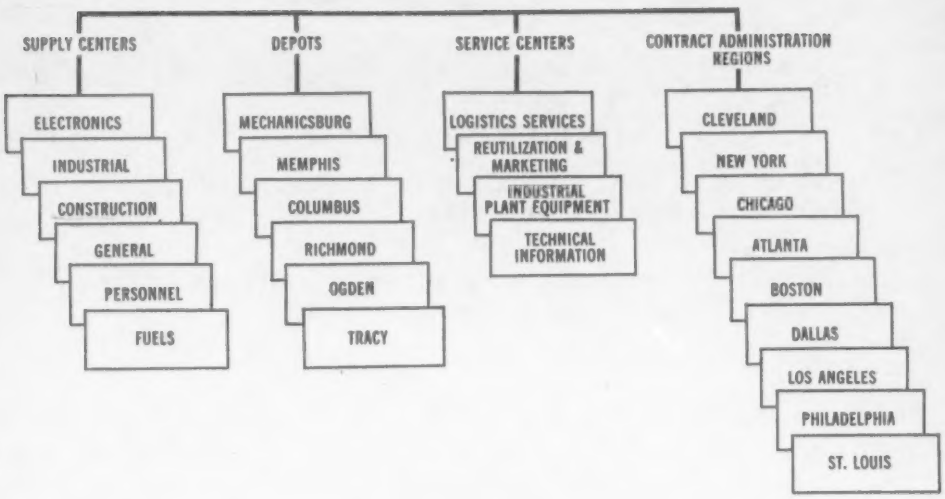
It is a pleasure for me to appear before you as the Deputy Director of DLA, and I have a prepared statement which I ask to be accepted into the record. With your permission, I would like to make some brief remarks and show you a few slides which will provide a perspective of our command and deal in broad terms with the DLA facilities posture and the major factors we used to shape our budget request.

MISSION

Supply support.
Contract administration services.
Technical and logistics services.

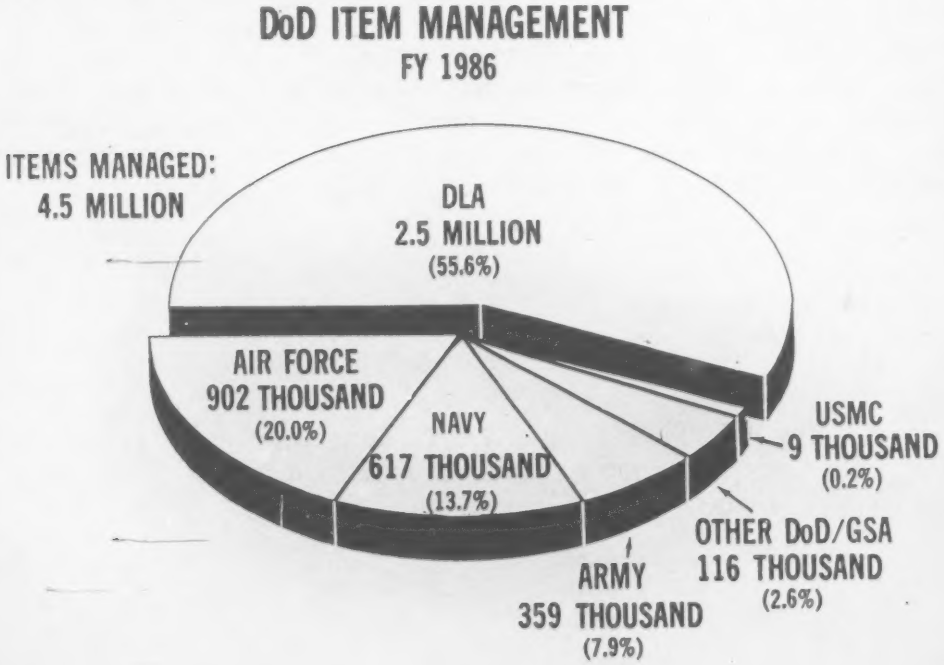
[SLIDE 1]

On our first slide, the mission of DLA is to provide effective and efficient supply support, contract administration, and a host of technical and logistics services.



[SLIDE 2]

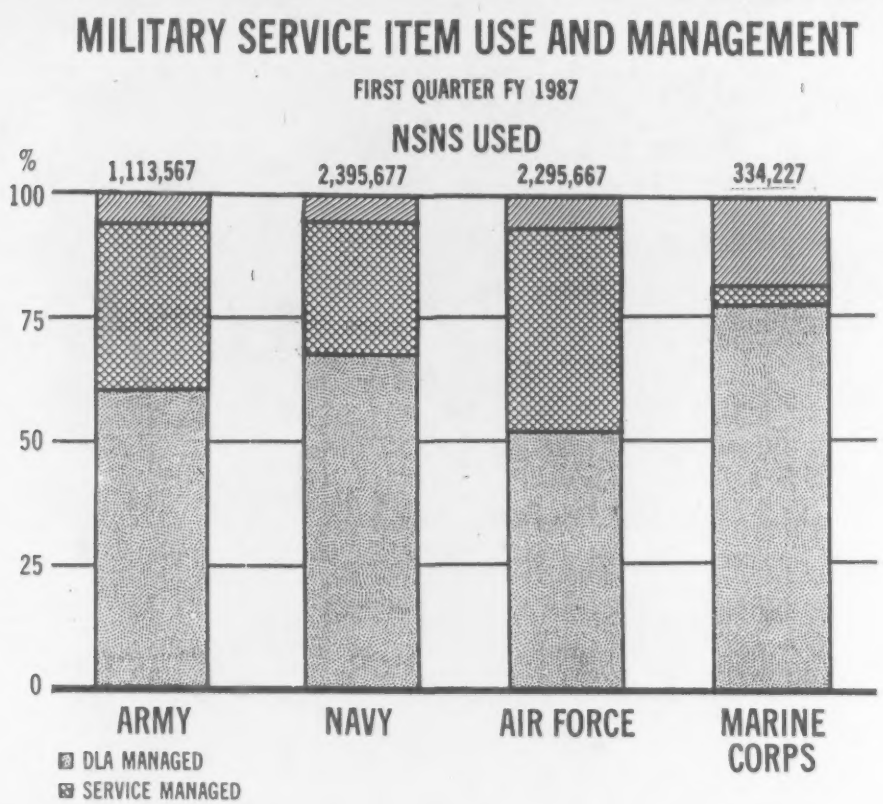
The next slide reflects the major activities that report directly to headquarters in DLA. You will note that there are six supply centers, six depots, four service centers, and nine contract administration regions throughout the United States.



[SLIDE 3]

Slide 3 reflects the relative importance of DLA in the overall DOD item management responsibilities. As you can see, we manage over 2½

million, or almost 56 percent, of the total items managed throughout the Department of Defense.



[SLIDE 4]

Slide 4 reflects the importance of our supply support to each of the services. We manage over one-half of the stock-numbered items used by each of the services.

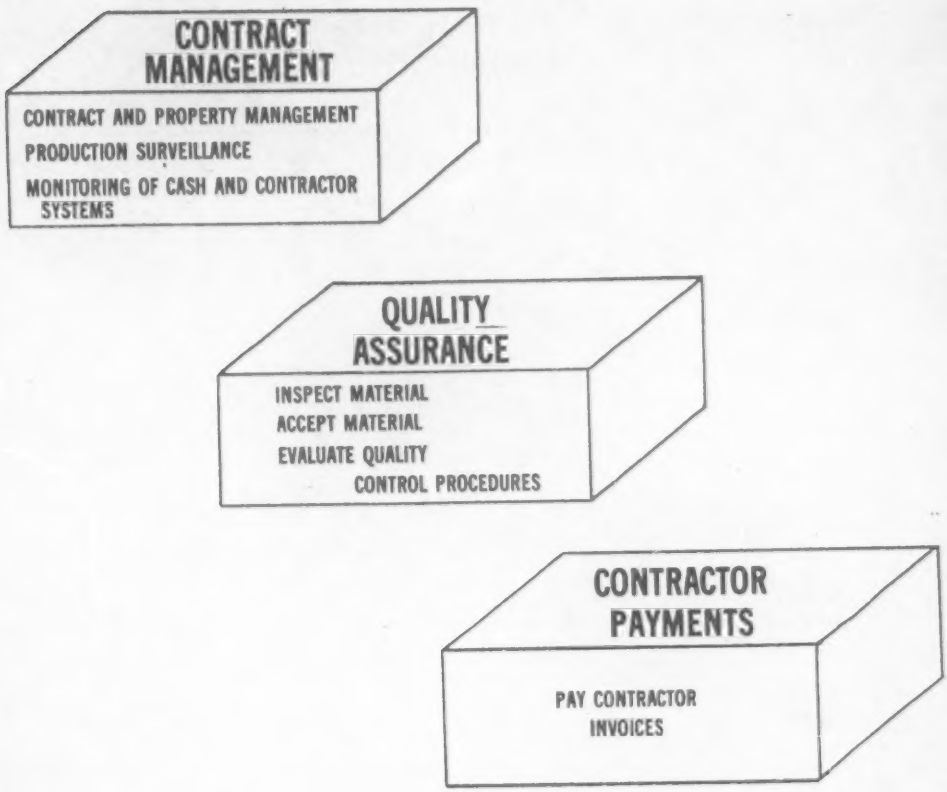
Supply depot operations

Number of depots	6
Line items shipped and received	20,197,000
On-time performance (percent)	97
Locator accuracy (percent)	99
Number of personnel	8,600

[SLIDE 5]

Slide 5 depicts our depot activities workload and performance.

DLA CONTRACT ADMINISTRATION REGION FUNCTIONS



[SLIDE 6]

Our next area is contract administration, and slide 6 reflects the type of functions that are included in this particular mission area, including contract and property management, quality assurance, and payment for a contractor's services. I will give you some figures on that in just a second.

Contract administration

Average number of contracts administered	480,000
Face value of contracts on hand	$265,000,000,000
Contractor payments fiscal year 1986	$50,000,000,000
Contractors	30,000
Work force	18,700

[SLIDE 7]

Slide 7 reflects the workload that is associated with this mission area in contracting. Our emphasis is obtaining quality products on time and within costs. To carry out all our mission responsibilities, we have 54,000 personnel, of whom some 1,100 are military.

BUDGET INCREASE

Our military construction budget submission reflects a significant percentage increase over 1987. I fully appreciate the significant pressures you face to reduce the budget deficit. But on behalf of the agency, we believe this budget is needed and is a worthwhile investment in three very important areas: readiness, productivity, and the environment.

We looked at each of these areas and decided that it was absolutely essential that we posture ourselves to provide responsive support to the military services and to our forces.

We must do this in a way that enhances readiness, with a concurrent reduction in resources and eliminates conditions that reduce responsiveness and/or productivity. And finally, we recognize the increasing emphasis being placed on environmental safety by you, the Congress, and by the States, and by our citizens.

We need to heed these mandates. This budget submission addresses these three major areas of concern.

As was noted on one of my charts, we manage about 56 percent of the total items for the services. We must provide responsive support to their readiness needs. Therefore, our request provides support for the storage of material.

These projects will overcome our overcrowded depot conditions where we are simply not efficient in meeting services' requests. These projects are located at our depots in Richmond, VA, in Memphis, TN, Mechanicsburg, PA, and in several of our defense reutilization and marketing offices in such places as Fort Meade, MD, Fort Belvoir, VA, Fort Campbell, KY, and Kittery in Maine. Our two overseas projects are in Bitburg in the Federal Republic of Germany and Keflavik, Iceland.

FUEL STORAGE CAPACITY

Our request also supports the construction of fuel storage capacity which is urgently needed to support contingency plans. The geographic dispersion of these facilities reflects projects in Charleston, SC, Key West, FL, Pearl City, HI, Searsport, ME, Adak in the Aleutian Islands, and Pohang, Korea.

PRODUCTIVITY

In the area of productivity, we have included projects in Ogden, UT, Richmond, VA, Columbus, OH, and Philadelphia, PA. These projects will provide for higher morale and increased productivity. They will overcome the problems of inadequate and deteriorated spaces, inadequate ventilation for our data processing facilities, and the severely overcrowded working conditions.

ENVIRONMENT

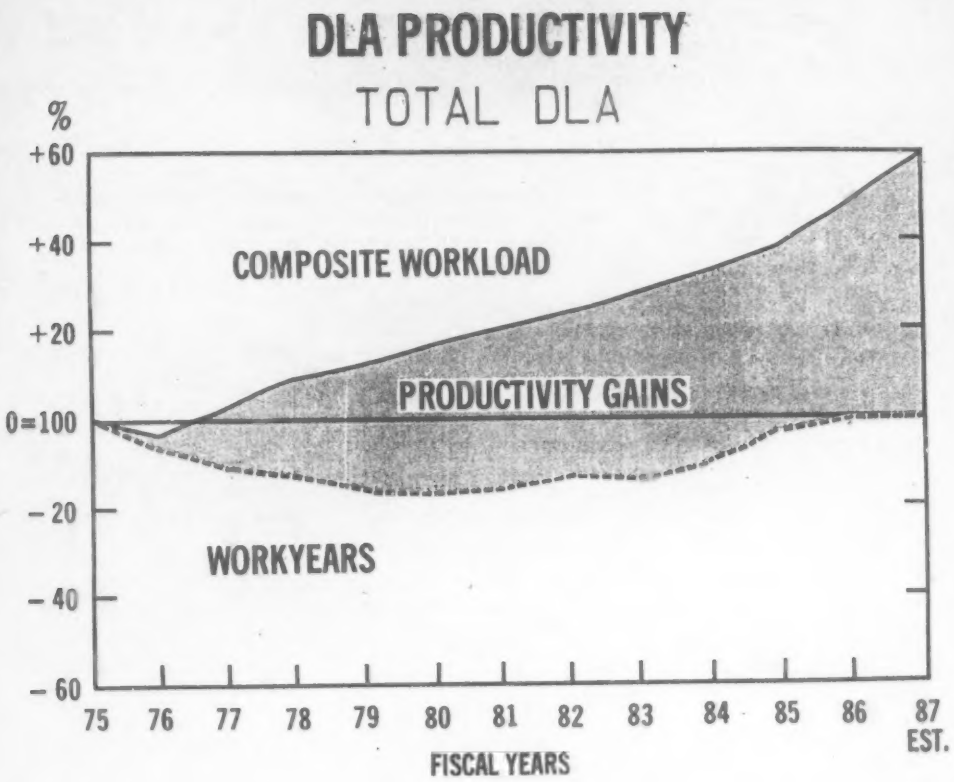
As to the environment, I believe we have some very serious problems in the area of proper safe storage of hazardous material and hazardous waste. We have embarked on a program to construct conforming storage warehouses which will provide environmentally safe facilities for our temporary storage of hazardous waste until we can dispose of it.

We do have contractors that transport the hazardous waste from our facilities to approved disposal locations. However, I must tell you that finding contractors who are willing to take our business in an era of increasingly stringent environmental rules is getting to be more and more challenging. Thus, we need to ensure that we have a safe place to store this hazardous waste until it can be disposed.

FAMILY HOUSING

Finally, our submission includes a family housing request of $589,000 of O&M in fiscal year 1988. We are also requesting $106,000 in construction authority. We have only 70 housing units which have been simply neglected in the past. Many of these are totally run down. We want to assure a quality of life for our military personnel comparable to what their services provide to them.

In summary, sir, we do have a significant increase in our budget for facilities upgrade in the face of increased pressures to reduce the deficit. I am confident that, if approved, our facilities request will soon be amortized by the increased efficiency with which we will be able to perform our missions of increased responsive support to our military forces and providing environmentally safe facilities.



[SLIDE 8]

Sir, my final slide displays the productivity that we have been able to achieve over the past several years, and this request will help us to continue that trend. As you can see from the slide, our composite workload has increased almost 60 percent, while at the same time we have managed to keep our work-years at the same level that we had in 1975.

Sir, that concludes my statement, and I would be happy to answer any questions.

[The statement follows:]

Prepared Statement of Major General Stanton R. Musser, USAF
Deputy Director, Defense Logistics Agency (DLA)

Mr. Chairman and members of the committee:

I am Major General Stanton R. Musser, Deputy Director of the Defense Logistics Agency (DLA). I appreciate the opportunity today to discuss DLA's programs and our Fiscal Years (FY) 1988 and 1989 Military Construction and Family Housing requests.

OVERALL REQUEST

Our Military Construction request for FY 1988 is $78,981,000. It includes eight major construction projects at a total cost of $67,581,000 plus $11,400,000 for the construction of conforming storage facilities at various locations worldwide. In FY 1989, we are requesting $101,716,000. Included in our request are 15 major construction projects and 11 projects costing less than $1 million each at a total cost of $92,387,000. The remaining $9,329,000 of our FY 1989 request is for conforming storage facilities. We are also requesting a Family Housing program of $695,000 in FY 1988 and $502,000 in FY 1989.

Mr. Chairman, compared to our FY 1987 program of $22,100,000, this will appear to be a very large request. The percentage increase is quite large, particularly in the context of the pressures you face to reduce the budget deficit. Nevertheless, I hope I can convince you that this request represents a worthwhile investment in three very important categories: readiness, productivity, and the environment.

The readiness of our military forces depends, among other things of course, on prompt response on DLA's part to their demands for our material. As I will try to illustrate, the material we provide them is essential to their operations. To meet their demands, we have an urgent need for additional storage capacity. This is especially true in the fuel area, where we need more storage capacity in particular locations to meet the requirements given to us by the Joint Commanders.

In the area of productivity, I believe the record demonstrates that this agency has done very well in achieving productivity savings. I am convinced that we can do a lot more, and we are committed to doing so. In this connection, our operations and maintenance budget request includes annual productivity earnings of 3 percent per year. I am also convinced that some investment in modern equipment and facilities is required to assist in meeting our long-range productivity goals. We must give our workforce of over 50,000 people the tools to do the job and we must improve the environment in which they work. If we do that, I have no doubt that we will get a significant return on our investment.

Finally, regarding the environment, the most difficult challenge we face today is our responsibility to contract for the ultimate disposal of hazardous and toxic material. I'm not talking about ammunition and nuclear waste, but paints, solvents and the like which can damage the environment. We need to conform to the Resource Conservation and Recovery Act of 1976; most of our storage facilities do not. Unfortunately, because we are having difficulty in obtaining permits, our budget request is well below our overall requirement.

DLA WORKLOAD

Because of the nature of our mission, our agency is really like a large business. Consequently, we try to run it in a business-like fashion. Our workload, which has been increasing in recent years, reflects the demands placed on the Agency by its Military Service customers.

We buy, store and issue just about all of the fuel, food, uniforms and textiles, medical supplies, and many of the consumable items used by the Armed Forces. DLA manages over 55 percent of the total items used in the Department and almost 70 percent of the consumable items. In FY 1986, our Stock Fund bought $12.3 billion worth of supply items in support of the Military Services. As the DoD worldwide manager for wholesale bulk petroleum, oil, and lubricants (POL), $5.3 billion of these procurements were for fuel. Items we manage are used by every weapon system in our operating force. The Military Services have identified about one-third of the items we manage as being critical to the operations of these weapons systems.

We operate six depots which now receive and ship over 20 million line items a year with approximately the same number of people we had in 1964 when we shipped 6.2 million lines. Ninety-seven percent of the time, we met the depot processing time goals established by the Office of the Secretary of Defense.

We perform Contract Administration Services for each of the Armed Services. This involves contract management, assuring that the contractor's total performance is in accordance with contractual commitments; quality assurance, assuring that contractual quality requirements are met by contractors; and contract payment, paying contractor invoices. In performing these services, DLA represents the interests of the Defense Department with a single face to industry.

The Contract Administration Services workload increased more than 11 percent in FY 1986. At the end of the fiscal year, we had 482,000 contracts on hand. During the year, we made payments to contractors on nearly 2 million invoices valued at $50 billion. We also obtained over 99 percent of the discounts called for under the contracts we paid, incurring only $179,000 in late payment interest penalties.

In addition, we provide numerous other services to the military. We manage the reutilization and sale of surplus property having an acquisition value of $5.9 billion. This involves the receipt and disposal of over 5 million items. An increasing part of our workload in this area is the disposal of large quantities of hazardous and toxic waste generated by the Military Services and Agencies.

We also operate the Federal Catalog System, which provides descriptive and technical information on over 5 million items to DoD and other users. The entire DoD logistics system is heavily dependent on this activity.

As you can see, DLA is not a logistics policy office. We are at the heart of the DoD Logistics System and play an essential role in readiness. The work we do at DLA helps to keep our forces combat ready in the field and contributes to the overall management of DoD programs.

DETAILED JUSTIFICATION

Now that I have provided you with some background on our overall mission, let me discuss how our FY 1988 and FY 1989 Military Construction requests support essential DoD programs, respond to concerns about the environment, and strive to increase the efficiency of this agency.

As I mentioned earlier, DLA is the DoD worldwide manager for wholesale bulk petroleum, oil and lubricants (POL). In connection with this responsibility, our request includes $23.9 million in FY 1988 and $35.0 million in FY 1989 for POL facilities - storage tanks, a fuel pier, a fire protection system, and an automated pipeline system.

In FY 1988, our major fuel projects include two fuel tankage projects and one project to construct a fuel pier. At the Defense Fuel Support Point, Naval

Supply Center, Charleston, South Carolina, we have a project to provide 204,000 barrels of liquid fuel storage capacity in four aboveground tanks. This project will satisfy part of the significant shortfall in both current and future petroleum oil liquid storage requirements in support of United States contingency plans. In addition, the project will replace a total of 142,000 barrels of storage capacity for three 42-year-old tanks that have cracked concrete walls. We want to replace these tanks so that we can avoid an eventual leakage of fuel into the ground. We also have a project at the Defense Fuel Support Point, Naval Air Station, Key West, Florida, which will provide 340,000 barrels of jet fuel and Diesel Fuel Marine (DFM) storage capacity in four tanks. This tankage is required in order to meet the fleet's fuel consumption requirement.

At the Defense Fuel Support Point, Mukilteo, Washington, we have a project to provide a new fuel pier to accommodate newer tanker-type vessels for fueling operations. This pier will replace one which is structurally unsound. The pier is still usable for loading and unloading fuel, but vehicular traffic on the pier has been prohibited since June 1986, resulting in inefficient fueling operations. It would be more costly to repair the pier than to build a new one. The other alternative is to close the terminal, in which case we would have to build an additional 750,000 barrels of storage at another terminal.

In FY 1989, we plan to construct two additional fuel tankage projects as well as one fire protection and one terminal automation project. Our fuel tankage projects will be at Adak, Alaska, and Pohang, Korea. The Adak project provides 300,000 barrels of jet fuel storage in three underground tanks. Storage is needed to support jet fuel requirements of Pacific fleet operations. Sufficient on-island tankage is not currently available to meet these requirements. Our Pohang project is the first phase of a total requirement of 800,000 barrels of liquid fuel storage capacity. In this phase, we plan to construct 400,000 barrels of underground fuel tanks to replace 31 aboveground tanks. The present tanks are a constant source of fuel loss due to leakage, evaporation, and lack of fuel recovery systems.

At Defense Fuel Support Point, Pearl City, Hawaii, we plan to replace a fire protection system at the Pearl City Fuel Annex which is not presently adequate for use in fighting tank fires. This project will bring the terminal into conformance with applicable federal, state, and local regulations.

At our Defense Fuel Support Point in Searsport, Maine, we have a project to provide centrally controlled automation, as well as security improvements, to the Searsport/Loring Air Force Base pipeline. Automation will permit a reduction in pump station personnel as well as guard and security forces. We expect the project to pay for itself within three years.

As I mentioned earlier, we operate six depots which store and issue food, fuel, clothing, medical supplies, and most of the hardware items needed by our Armed Forces. In the last two years, the number of DLA-stocked items has grown by more than 20 percent due to force modernization and increased item delegations from the Services. Storage space occupancy is following the same general course. DoD standards recommend no more than 85 percent occupancy of a warehouse to allow for operating space. As of September 1986, our occupancy rate was at 91 percent. This significant increase in material in storage, without a commensurate increase in available storage locations, has caused operational problems such as reduced inventory accuracy. Also, we are expending additional resources to rewarehouse material in order to accommodate incoming stocks. We are currently obtaining more efficient use of our warehouse space through the increased use of storage aids. However, because we expect the trend of increasing storage requirements to continue, we have also included in our Military Construction budget request $31.6 million in FY 1988 and $8.7 million in FY 1989 for various major depot projects. These projects will alleviate a portion of the critical shortage of adequate storage space.

In FY 1988, we have included two storage facility projects at our Richmond, Virginia depot and one at our Memphis, Tennessee depot. At Richmond, we are requesting a connector warehouse and a hazardous material warehouse. The connector warehouse will serve as a corridor for the use of an automated guided vehicle system between the bulk and loose issue warehouses. We will also move our receiving, packing, and shipping operations into the building, thereby helping to relieve our storage space problem at Richmond by freeing 320,000 square feet of high bay warehouse storage space. The hazardous material warehouse project will modify an existing warehouse to provide additional hazardous materials storage space. Richmond has run out of covered space for hazardous items that is in compliance with federal safety and environmental standards and regulations.

At Memphis, we are requesting a 200,000 square-foot general purpose warehouse. Approximately 93 percent of available usable storage space is currently occupied at Memphis, resulting in a critical lack of storage flexibility. This warehouse will help alleviate this storage problem, and will also provide protection for materials which currently must be stored in open space.

In FY 1989, we have included two major storage facility projects at Mechanicsburg, Pennsylvania: replacement of two warehouses and a compressed gas storage facility. The two warehouses to be replaced are not currently being used because they are structurally unsound. Their replacement will provide an additional 243,000 square feet of storage space. The other project will provide a 48,000 square-foot facility for the storage of compressed gas cylinders that will be in compliance with safety and health, environmental, and fire protection standards and regulations. Cylinders are presently stored outside where they are rusting.

As managers of the reutilization and sale of surplus property for the Department, we have included $11.4 million in FY 1988 and $31.2 million in FY 1989 for facilities at some of our Defense Reutilization and Marketing Offices located around the world. The $11.4 million requested in FY 1988 is entirely for conforming storage facilities. This is the continuation of our program to construct facilities for the temporary storage of hazardous waste in conformance with federal and state environmental regulations. We continue to find it difficult to forecast exactly which facilities will receive construction permits in any given year. Therefore, as in FY 1987, we are requesting that a block of funds be made available so that we can award projects as they receive permits. We will notify the appropriate committees prior to the construction of each project.

In FY 1989, we are requesting $9.329 million for conforming storage facilities. In addition, we are seeking $21.875 million for the upgrade of some of our Defense Reutilization and Marketing Offices. This includes major projects at our CONUS offices in Ft. Meade, Maryland; Ft. Belvoir, Virginia; Ft. Campbell, Kentucky; Kittery, Maine; and Mechanicsburg, Pennsylvania. Our overseas projects are at Bitburg, Germany and Keflavik, Iceland. These projects all provide new general purpose warehouse space as well as open storage areas. In some cases, a conforming storage facility is included. Material at these offices is currently being stored either outside where it is exposed to the elements and, therefore, loses some of its resale value, or in warehouses which are inadequate for safe, efficient storage and handling of excess property.

Finally, our Military Construction request reflects our efforts to modernize our facilities and improve working conditions at our supply centers and depots. We believe that these investments will result in higher morale and increased productivity; hence, improved readiness. These efforts include new operational facilities at our activities in Ogden, Utah and Richmond, Virginia in FY 1988 ($12.0 million) and in Columbus, Ohio and Philadelphia, Pennsylvania in FY 1989 ($21.9 million).

The project at our depot in Ogden will replace ADP facilities which have insufficient space and inadequate ventilation. The project will also help correct some inefficiencies by consolidating, in one building, administrative offices which are currently scattered in 12 locations throughout the depot. The project at the Defense General Supply Center in Richmond is to convert 43,000 square feet of warehouse space to administrative space to relieve cramped working conditions. These conditions have occurred due to the addition of new missions and increases in existing missions at the Center.

In Columbus, we propose to build an automated data processing (ADP) facility that will house the ADP operations of both the Defense Construction Supply Center and the DLA Systems Automation Center. The existing ADP facilities are inefficient and deteriorated. Also, there is no additional space available to accommodate the projected increase in the ADP operational mission. An economic analysis has indicated that a new, combined facility is the most cost effective solution. At the Defense Industrial Supply Center in Philadelphia, increases in the workforce to accommodate significant growth in workload have resulted in severely overcrowded conditions. Consequently, there is excessive noise, poor ventilation, safety hazards, and decreased productivity. This project will alleviate these problems by providing a 135,000 square-foot addition to the existing administrative building including a new computer room. It will also convert 22,000 square feet of existing substandard computer room to administrative space.

In addition to the major construction projects which I have noted, we are also requesting a total of $5,658,000 in FY 1989 for 11 projects costing less than $1 million each.

FAMILY HOUSING

Our Family Housing request is for $589,000 in operation and maintenance authority and $106,000 in construction authority in FY 1988. We have substantially increased the number of maintenance and construction projects programmed for FY 1988 over previous levels in our effort to improve our 70 family housing units. Fifty-two of these units were built prior to 1960 and are in need of renovation and a general upgrade to improve the quality of life for our military families. In FY 1989, we are requesting $482,000 in operation and maintenance and $20,000 in construction authority. Mr. Chairman, the living conditions of the Military living on our few installations have been neglected in the past. This request is necessary to overcome some of this neglect.

SUMMARY

In closing, our military construction requests for both FY 1988 and FY 1989 reflect the reason for our existence: to support the military services. The investment that we make in our facilities will result in the improved efficiency of our operations and in the increased readiness of the Armed Services. I am concerned that we are not investing enough in our facilities since our FY 1988 and FY 1989 military construction requests are less than 1 percent of the amount of business we do each year. I believe any business would utlimately be in trouble with this level of investment.

I have added a summary of our request to my statement. At this time, I will be happy to answer any questions you may have.

FY 1988 MILCON PROGRAM
BUDGET REQUEST

			Cost ($000)
Conforming Storage			
Various Locations			11,400
Storage Facilities			(31,661)
DDMT	General Purpose Warehouse		11,361
DGSC	Connector Warehouse		18,500
DGSC	Hazardous Material Warehouse		1,800
Fuels			(23,920)
DFSP NAS Key West, FL		Fuel Tankage	11,100
DFSP NSC Charleston, SC		Fuel Tankage	5,530
DFSP Mukilteo, WA		Fuel Pier	7,290
Operational Facilities			(12,000)
DDOU	Administrative Facility		10,000
DGSC	Administrative Space		2,000
TOTAL			78,981

	Projects	$ Million
CONUS	8	67.6
Overseas	0	0
Various	1	11.4
TOTAL	9	$79.0

FY 1989 MILCON PROGRAM
BUDGET REQUEST

			Cost ($000)
Conforming Storage			
Various Locations			9,329
Storage Facilities			(11,023)
DDMP	Compressed Gas Storage Facility		1,360
DDMP	Replace Two Warehouses		7,325
DDMP	Hazardous Material Warehouse		935
DDMP	Open and Covered Storage		602
DDMT	Relocate Bulk Receiving		400
DPSC - Cheatham Annex			
	Cold Storage Facility		401
Fuels			(35,009)
DFSP Pohang, KO		Fuel Tankage	14,425
DFSP Adak, AK		Fuel Tankage	17,890
DFSP Searsport, ME		Terminal Automation	1,122
DFSP Pearl City, HI		Fire Protection	1,572
Operational Facilities			(24,480)
DCSC	ADP Facility		10,000
DISC	Administrative Space		11,900
DRMO Kaiserslautern, GY			
	Administrative Facility		480
DDMP	Trailer Loading/Parking Area/Paving		265
DDMP	Upgrade IPE Building 505		935
DDTC	Improve Lighting (ECIP)		530
DPSC	Emission Control Boilers		370
DRMO Upgrade			(21,875)
Ft. Meade, MD	Covered/Conforming Storage		6,165
Ft. Belvoir, VA	Covered/Conforming Storage		3,830
Bitburg, GY	Covered Storage		1,130
Ft. Campbell, KY	Covered/Open Storage		1,600
Keflavik, IC	Covered/Conforming Storage		2,100
Portsmouth, Kittery, ME			
	Covered/Conforming Storage		5,000
Mechanicsburg, PA	Scrapyard Improvement		1,310
Carswell AFB, TX	Covered Storage		350
Offutt AFB, NE	Covered Storage		390
TOTAL			101,716

	Projects	$ Million
CONUS	22	74.3
Overseas	4	18.1
Various	1	9.3
TOTAL	27	$101.7

PERCENTAGE OF BUSINESS WITH MARINE CORPS

Senator SASSER. Thank you, General Musser.

One question. Your second or third slide there indicated the percentage of business that you do with the various branches of the service, and I note that you do much more business with the Marine Corps than you do the other branches.

Can you pop that up there? You have got over 75 percent of the business for the Marine Corps and something like 50 percent for the Air Force, et cetera. Why are you so much more active with the Marine Corps than with the other services?

General MUSSER. I think that is primarily because it is, as you can see, a much smaller number of national stock numbers used. And as you know our primary mission is to try to handle all the common items among all the services.

We support the Marine Corps, with the type of equipment and so forth that they have, to a greater extent than the rest of the services because of the sophistication of the equipment that the other services have.

Senator SASSER. Senator Stevens.

FUEL STORAGE

Senator STEVENS. I think you are doing a good job. I just commented to the chairman that it does seem that on some of these items, such as the fuel storage, as distinguished from hazardous materials storage, that there ought to be a user fee concept.

Why are those not industrially funded? When you buy a gallon of gas, why are you not paying—why do they not—in effect, the agency is usually paying a portion of the cost of storage.

Mr. Connelly. Sir, there is a study going on now to examine that concept, and it may be proposed later. Some portion of the fuel storage is now passed on to the customer. Once they are built with appropriated funds, the routine maintenance, repair, and daily upkeep of the facilities is part of the user cost. It is part of the cost of doing business.

Senator STEVENS. I understand that. But we do not pay for the installation that way.

Hazardous material, I think there you are performing a Government environmental service in providing extra protection that the users probably cannot afford. I mean, it is a different concept.

The users in this case are all military anyway, are they not? You are not providing any services to civilians?

General MUSSER. No; not in the hazardous wastes, no, sir.

Senator STEVENS. No; I mean across the board.

General MUSSER. Across the board, no, just the services.

Senator STEVENS. You are providing just for the services.

Well, I think that you have done a good job in the areas where I have seen in combining. In the old days, when we had separate functions and each one of the services performing what these people now perform, we had a great deal larger administrative cost than we do now.

I have some questions about your priorities in these, too, but there is no use going into those. I think some of them may have to be deferred in this overall budget crunch, and you ought to give us your guidance on priorities along the line, if you will.

General MUSSER. We will, Senator Stevens.

Senator STEVENS. That would be good to have.

General MUSSER. In fact, in the hazardous wastes, as you are certainly aware, our biggest problem is getting permits from each of the States. And that has been a tremendous problem from both environment, EPA effort as well as——

COVERED STORAGE

Senator STEVENS. Let me just mention, you have got two projects for covered storage, substantial cost. When I was in Korea, we were looking at the Army division there and they decided they needed some covered storage. They had the storage area.

They reached in with sort of a make-do project, got the materials, and sort of on an off-duty, almost recreation basis, built the coverage over their storage area, and were very proud of it.

Do we do enough to encourage that?

General MUSSER. I think we do when we can, sir. In the case of this kind of hazardous conforming storage, we have got——

Senator STEVENS. I am talking about Bitburg, for instance. What is the difference between Bitburg and Seoul? In Seoul, they did it, the Army did it themselves. They covered their storage, at very low cost to the taxpayers. Now we want money to hire people in Germany to do it. What is the difference between Bitburg and Seoul, Korea?

General MUSSER. The difference is that the Army has troops in place that they can call upon to do this type of work with no additional out-of-pocket costs.

If we did the same thing, it would be very expensive since our people are civilians and would have to be paid overtime.

Senator STEVENS. Thank you very much, Mr. Chairman.

Senator SASSER. Thank you, Senator Stevens.

Senator Reid, do you have any questions of these witnesses?

Senator REID. No, Mr. Chairman.

Senator SASSER. General, thank you.

General MUSSER. Thank you, sir.

DEFENSE MEDICAL FACILITIES OFFICE

STATEMENT OF GORDON K. DOWERY, DIRECTOR, DEFENSE MEDICAL FACILITIES OFFICE

ACCOMPANIED BY LT. COL. TODD VANDE HEY, CHIEF, PROGRAMMING DIVISION, DEFENSE MEDICAL FACILITIES OFFICE

BUDGET REQUEST

Senator SASSER. Our next witness is Mr. Gordon K. Dowery, the Director of the Defense Medical Facilities Office [DMFO]. We welcome you this morning, Mr. Dowery. Would you identify your colleagues for the record, please, and then proceed as you wish.

Mr. DOWERY. Sir, this is Lt. Col. Todd Vande Hey, who is Chief of the Programming Division in the office.

I have prepared and submitted a full statement for the record. I would like to summarize that statement now with some key points that we think are important to this hearing.

Senator SASSER. Could you pull that microphone a little closer, Mr. Dowery.

Mr. DOWERY. I am Gordon Dowery, the Director of the Defense Medical Facilities Office.

On behalf of Dr. William Mayer, the Assistant Secretary of Defense for Health Affairs, I thank you for the opportunity to present our construction request for $309 million for fiscal year 1988 and $414.2 million for fiscal year 1989 in support of the Department of Defense's medical military construction program.

The DMFO was established by the Secretary of Defense in response to the recommendations of the congressionally mandated blue ribbon panel on the sizing of Department of Defense medical treatment facilities. It became fully operational on October 1, 1986, and reports directly to the Assistant Secretary of Defense for Health Affairs.

The DMFO is responsible for the planning, review, selection, and prioritization of all medical construction projects, and the allocation of funds appropriated by the Congress for them. The DMFO is also charged with the establishment and maintenance of DOD medical space planning and technical criteria.

Design and construction responsibilities remain with the agents designated by the military departments.

This has had the desired effect. For the first time, the medical projects requested, regardless of military department, reflect the overall policies and priorities of DOD. In this regard, the department is committed to providing appropriate health care facilities to maintain the

highest degree of combat effectiveness of the military forces; to providing quality health care to active duty personnel, their dependents, and other authorized beneficiaries; to providing essential teaching and training for the military medical force; and to ensuring that sufficient capacity exists to support mobilization for a national emergency.

In prioritizing our construction requirements to support these policies, we have placed the greatest emphasis on projects supporting the prepositioning of medical contingency capabilities; projects at locations overseas and at home where our beneficiaries do not have adequate alternative sources of health care; projects providing essential teaching and training of our medical forces; and projects to modernize or replace facilities supporting the operational missions of active duty personnel.

BUDGET PRIORITIES

The highest priority in our budget request before you are projects to support the timely employment of medical war readiness supplies and equipment. In our fiscal year 1988 request I want to highlight two Navy fleet hospital projects at classified locations, and a 1,000-bed medical contingency complex at Echternach, Luxembourg.

The Department is also committed to funding medical projects required to support the scheduled beddown of operational missions such as the medical-dental clinic at Fort Wainwright, AK, in support of the Light Infantry Division.

Together these categories account for almost 20 percent of the fiscal year 1988 and 16 percent of the fiscal year 1989 request. Most of medical readiness construction investment is timed to the approved funding of procurement of deployable medical systems commonly known as DEPMEDS. The objective of the DEPMEDS Program is to provide sufficient beds for the United States to medically support U.S. forces, should they be engaged in combat.

PROCUREMENT ACCELERATION

In 1984, the Department made a landmark decision to accelerate the procurement of the systems over a 5-year period. This will help to correct the current shortfall of beds in the European and Pacific theaters, which has been cited as a major readiness deficiency.

Although at the present time the construction of hospitals and medical facilities is considered a national responsibility by NATO, we are taking steps necessary to determine the extent to which these projects are eligible for NATO infrastructure program funding.

In the interim, since the DEPMEDS are in the procurement pipeline and the construction requirement is so urgent and the procedures for obtaining approval for the NATO nation support is a lengthy one, we are requesting the U.S. funding of this construction.

We will submit precautionary prefinancing statements to the NATO Payments in Progress Committee to protect any future potential for recoupment while the efforts to determine eligibility for NATO funding continues. The provision of health care at locations where appropriate

alternative sources are not available ranks as our next highest construction priority. This category includes predominantly medical facilities overseas, which are among the oldest in the inventory and historically have not received adequate military construction funding. The Department feels we must be the advocate for American servicemen and their families to ensure that they receive quality medical care in appropriate facilities.

OVERSEAS PROJECTS

To achieve our objective, we have allocated over 45 percent of the fiscal year 1988 and 1989 budget request for overseas projects. This includes 19 projects in fiscal year 1988 and 20 in fiscal year 1989. Of specific concern and importance are the replacement hospitals at isolated locations of Incirlik, Turkey, and Sigonella, Italy; and the modernization of our major tertiary health care hospital of the western Pacific at Clark Air Force Base in the Philippines.

HOSPITAL PROJECT IN NAPLES, ITALY

Also included is a hospital replacement project at Naples, Italy, which is part of the project Pronto, one of the highest priorities of the Department of Defense. Another important priority are the projects at facilities that support graduate medical education programs such as our fiscal year 1988–89 request for replacement of Madigan Army Hospital in Washington. These programs are critical to ensuring that adequate medical manpower exists to accommodate wartime medical missions. Just over 30 percent of the fiscal year 1988 request and 20 percent of the fiscal year 1989 request fund such projects.

Because our most significant investments in the fiscal year 1988–89 programs are overseas, it becomes obvious that the remainder of our request does not fund a large number of projects in the United States. This is not due to a lack of valid requirements at home, but rather the more serious problems in medical readiness in our overseas facilities.

However, we are requesting 10 projects in the United States in fiscal year 1988 and 15 in fiscal year 1989. Although the number of projects in each of these fiscal years is less than those overseas, the dollars against those projects represent about one-half of each year's budget request.

Because of the conscious effort to address the long-neglected facility deficiencies overseas now, the Congress can anticipate decreasing requirements for overseas construction in future budgets.

HEALTH CARE SCIENCES SCHOOL AT SHEPPARD AIR FORCE BASE

My final comment on the fiscal year 1988 program is an endorsement of a project the Air Force has requested in their budget. The addition to the School of Health Care Sciences at Sheppard Air Force Base is desperately needed to maintain the formal medical readiness and technical training in the Air Force. We cannot effectively obtain this training anywhere else.

In summary, we are appreciative of this committee's support for construction of DOD medical facilities. We ask you to look favorably on this year's request, and we look forward to demonstrating our responsiveness to your questions. This concludes my opening statement, and I thank you again for the opportunity to appear before you.

[The statement follows:]

Prepared Statement of Gordon Dowery

Director, Defense Medical Facilities Office

Mr. Chairman and members of the Subcommittee, I am Mr. Gordon Dowery, the Director of the Defense Medical Facilities Office (DMFO). On behalf of Dr. William Mayer, the Assistant Secretary of Defense for Health Affairs (ASD(HA), I thank you for the opportunity to present our construction request of $309 million for the Fiscal Year 1988 and $414.2 million for FY 1989 in support of the Department of Defense's Medical Military Construction Program.

The DMFO was established by the Secretary of Defense in response to the recommendations of the Congressionally mandated Blue Ribbon Panel on the Sizing of Department of Defense (DoD) Medical Treatment Facilities. It became fully operational on October 1, 1986 and reports directly to the ASD(HA). The DMFO is responsible for the planning, review, selection and prioritization of all DoD medical construction projects, and the allocation and execution of funds appropriated by the Congress for these projects. The DMFO is also charged with the establishment and maintenance of DoD Medical Space Planning and Technical Criteria. Design and construction responsibilities remain with the agents designated by the Military Departments.

This consolidation of resources has had the effect desired by the Blue Ribbon Panel. For the first time the medical projects requested, regardless of the Military Department, reflect the overall policies and priorities of DoD. In this regard, the Department is committed to providing appropriate health care facilities to maintain the highest degree of combat effectiveness of the military forces; to providing quality health care to active duty personnel, their dependents, and other authorized beneficiaries; to providing essential teaching and training for the military medical force; and to ensuring that sufficient capacity exists to support mobilization for a national emergency.

In prioritizing our construction requirements to support these policies, we have placed the greatest emphasis on projects supporting the prepositioning of medical contingency capabilities; projects at locations overseas and at home where our beneficiaries do not have adequate alternative sources of health care; projects providing essential teaching and training of our medical forces; and projects to modernize or replace facilities supporting the operational missions of active duty personnel.

The highest priority in our FY 1988/1989 request before you are projects to support the timely employment of medical war readiness supplies and equipment. The Department is also committed to funding medical projects required to support the scheduled beddown of new operational missions. Together these categories account for almost 20 percent of the FY 1988 and 16 percent of the FY 1989 request.

Most of this construction investment is timed to the approved funding and procurement of the Deployable Medical Systems (DEPMEDS). The objective of the DEPMEDS program is to provide sufficient beds for the United States to medically support U.S. Forces should they be engaged in combat. They will correct the current shortfall of beds in the European and Pacific theaters which has been cited as a major readiness deficiency. In 1984, the Department made a landmark decision to accelerate the procurement of these systems over a five year period. Where facilities cannot be obtained through host nation support or where expansion of existing facilities cannot accommodate this equipment, military construction for storage, and in some instances operation, of the DEPMEDS is required at or near the point of intended use. This construction is tailored to the Services concept of operation at each location. Without this construction support, the DEPMEDS would have to be stored in the U.S., significantly delaying our capability to treat casualties in theater.

The Unified Commands are working with the State Department to obtain host nation construction support; but, foreign nations don't always fund such requirements or recognize a U.S generated timetable. Some countries have provided buildings of opportunity and land for construction, and we are working other sources such as NATO. Although at the present the construction of hospitals and medical facilities is considered a national responsibility by NATO, we have met with EUCOM and SHAPE staffs to discuss the potential for NATO Infrastructure Program funding of our contingency construction program in Europe. It is possible that second echelon projects for the storage of medical supplies to provide life saving care could be eligible, but only a portion of the construction requirements for DEPMEDS is expected to meet the NATO

criteria. We are taking the steps necessary to determine the extent these projects are eligible for support in the NATO Infrastructure Program. In the interim, since the DEPMEDS are in the procurement pipeline and the requirement is urgent, we will submit precautionary prefinancing statements to the NATO Payments and Progress Committee to protect any future potential for recoupment while the efforts to determine eligibility for NATO funding continue. Taking into account the normal procedures for obtaining approval from the NATO nations, Infrastructure funds would not be available until at least the next six-year funding cycle beginning in 1991.

We hope you will continue your past funding of the Department's requests for the construction to preposition medical readiness materiel. From FY 1984-FY 1986 funds were authorized and appropriated at twelve locations to fund facilities to store second echelon medical materiel. In 1985 the Congress authorized and funded the Department's first two construction projects supporting prepositioning contingency hospitals, the Medical Contingency Complex at Kimhae, Korea and the Fleet Hospital Support Facility at Guam.

At that time the Congress requested a coordinated readiness plan to support these projects as well as our projected readiness construction requirements. The Northeast Asia portion of the DEPMEDS Procurement/Military Construction Plan was presented to the Congress last year, enabling the two Pacific projects to start construction. The European portion of this Plan is now in the final stages of development and is scheduled to be submitted to you by the end of April 1987. The Armed Services Committee also asked for an integrated Master Plan for "curing the ills of the wartime medical readiness system by 1992". The Medical Readiness Strategic (Master) Plan will be a total systems approach that incorporates the DEPMEDS Plan. It is currently being staffed extensively throughout the Department and its first iteration will be submitted to the Congress as soon as the review process is completed.

The provision of health care at locations where appropriate alternative sources are not available ranks as our next highest construction priority. This category includes predominantly medical facilities overseas which are among the oldest in the inventory, and historically, have not received adequate military construction funding. As a result they do not provide an acceptable environment for the provision of quality care much less the capability to meet their wartime missions. We are committed to correcting the serious deficiencies. We feel that the Department has a responsibility to our people at these locations to improve their working and living conditions. We have also incorporated into many of our overseas projects features necessary for these facilities to expand their missions for contingencies. To achieve these objectives over 45 percent of the FY 1988 and FY 1989 budget is requested for overseas projects. As with our medical contingency construction efforts, we are pursuing host nation construction funds; however, with the exception of the Japanese Facilities Improvement Program, medical facilities are generally not eligible.

Unfortunately, there is an increasing price we must pay today for overseas construction. The decline of the dollar is having a major negative impact on our budget request, as well as on the FY 1987 program you funded. A good example is the exchange rate for our projects in Germany. These projects, and those in FY 1987's, were budgeted at 2.46 DM per dollar. If the actual payout is at today's budget guidance of 2.06 DM per dollar, you have about a 16 percent increase in Germany alone. This problem would be magnified with the recent exchange rates in Germany that have dropped below 1.85 DM per dollar. We estimate that the impact on our entire overseas program could be a deficit of $4.8 million in FY 1987 and about $15 million in FY 1988.

In FY 1987 a currency fluctuation account was established within the Department. We have been directed to capitalize this account with unobligated balances from prior years. Since this Office assumed program responsibility with the FY 1987 program, we have no such funds to draw from. It is likely that we will defer the award of some projects to avoid overobligation. This has been exacerbated by the general reduction of $10 million imposed by the Congress to our FY 1987 appropriation for Army projects.

Another important priority of the Department are the projects at facilities that support graduate medical education programs. These programs are critical to ensuring that adequate medical manpower exists to meet the medical wartime missions. These programs also provide most of the specialty referral capability in the Military Health Care System. The importance of the facility projects required to maintain the accreditation of these programs cannot be overstated even though they usually require phased funding over several years and absorb a

large portion of available funds. Just over 30 percent of the FY 1988 request and 20 percent in FY 1989 fund such projects.

Because of the focus on medical readiness, overseas and medically underserved locations, and teaching and training projects, the funds for all other program requirements were limited to about five percent in FY 1988 and just under 10 percent in FY 1989. This is not to say that we do not have significant deficiencies at many of our other facilities. Revisions in construction and life safety codes, new technology, changing populations and changing missions combine to require that facilities, particularly health care facilities, be modernized or replaced on a reasonable cycle. This is essential to maintain an acceptable standard of health care delivery and increase the productivity of our medical manpower.

While the magnitude and breadth of our FY 1988 and FY 1989 requests is significant, it is far from unreasonable given the size and scope of the Military Health Service System. There are over 1128 facilities in our inventory ranging from small medical aid stations to our sixteen major teaching centers that support our Graduate Medical Education Programs. The current replacement value of this inventory is over $11 billion. The historical funding for medical facilities in DoD over the last fifteen years has been just over $300 million in FY 1988 dollars. This has not kept pace with the accelerated requirements for modernizing or replacing the inventory, particularly with the additional requirements for medical contingency facilities.

The reality of these budgetary constraints demand that we maximize the utilization of available resources by providing facilities that are modern, efficient and result in the higher productivity of our people. We are therefore aggressively pursuing alternatives to the present facility acquisition process and ask your support in the Department's initiatives in this area. We endorse the concepts of third-party financing and the design-build, or turnkey, approach where appropriate. The Department has requested under the General Provisions that Defense Agencies receive authority similar to the Military Departments. We are supporting studies into the use of standardized designs in all three Military Departments to expedite the design process.

At this point I would like to tie the major projects in our FY 1988 budget request with the Departments policies and priorities I have outlined. First, in the support of our coordinated readiness plan for DEPMEDS prepositioning, we are requesting $15.5 million to construct a facility for a 1000-bed contingency hospital at Echternach, Luxembourg and a total of $13.4 million for storage and set-up of 500-bed facilities at two different classified locations. The host nations are providing the sites and in the latter case will also fund the design. There is currently a shortfall of beds in Central Europe and in the area of the classified locations there are no contingency beds. We also are asking for just under $3.0 million for six second echelon storage facilities in the European theater like those funded by the Congress between FY 1984 and FY 1986.

As stated earlier, we have made every effort to support impact of new missions. The Medical/Dental Clinic Addition/Alteration project at Kings Bay, Georgia; a new Troop Clinic at Fort Wainwright, Alaska; and clinics at Woensdrecht Air Base, Netherlands and Rheinberg, Germany are required to meet the increased populations resulting from the addition of missions at Kings Bay and Fort Wainwright and the establishment of installations at Woensdrecht and Rheinberg.

Our most significant investment in our FY 1988 program is overseas. The projects we are requesting will correct probably the worst collection of deficiencies in our inventory. The $71.7 million for replacement hospitals in the European theater at Incirlik Air Base, Turkey; Naples, Italy; and Sigonella Naval Air Station, Italy; and a new clinic at RAF Fairford, United Kingdom, will dramatically improve the quality of life and the environment for delivering health care for our service personnel and their families at these locations.

In the Pacific theater similar medical facility conditions exist with miles of ocean separating these installations from alternative medical support. Of particular concern are those in the Philippines. The addition/alteration project at Clark Air Base Hospital for $40 million will ensure that this facility can adequately meets its mission as the primary referral facility, outside Hawaii, for the entire Pacific. In preparation for the replacement of the hospital at Subic Bay programmed for FY 1989, we have also asked for funds

to stabilize the soil on the project site . Finally, I want to mention the $4.7 million requested to parallel the funding of a replacement hospital at Misawa Air Base, Japan by the Japanese Facilities Improvement Program (JFIP). These funds will be used for those U.S. construction requirements not within Japanese criteria.

It becomes obvious that the remainder of our request does not fund a large number of projects in the United States. This is not due to a lack of valid requirements at home but rather the more serious problems in medical readiness and our overseas facilities. We are asking for $86 million to fund the fourth phase of the Madigan Army Medical Center at Fort Lewis, Washington.

The life safety code project at Langley Air Force Base, Virginia is the beginning of a commitment to address similar deficiencies throughout the inventory. The $16.5 million request at Oak Harbor, Washington, will add to and alter the existing facility, which is in a medically underserved and isolated area, and bring this facility up to current codes and criteria. The project at Malmstrom Air Force Base for $16.5 million will provide us with a new Comprehensive Health Care Center to replace the existing hospital. This Center is a new concept to be applied in locations where inpatient beds are not required because the civilian sector can provide this care.

My final comment on the FY 1988 program is an endorsement of a project the Air Force has requested in their budget. The addition to the School of Health Care Sciences at Sheppard Air Force Base, Texas, is desperately needed to maintain the formal medical readiness and technical training in the Air Force. We cannot effectively obtain this training anywhere else.

Our FY 1989 request is a near mirror image of FY 1988 in terms of the emphasis on prepositioning medical readiness assets and on correcting overseas facility deficiencies. We are requesting $44.1 million to preposition DEPMEDS hospitals at five locations; two classified sites; Glabbeek, Belgium; Torrejon, Spain; and Guam. Again these projects are all sited in locations where there is a contingency bed shortfall; they are consistent with the coordinated readiness plan; and where the host countries have provided the sites at no cost. With the funding in this fiscal year of three second echelon storage facilities overseas and one in CONUS to store 50-bed Air Transportable Hospitals, we will have funded all currently programmed construction requirements for these types of facilities.

Our only mission beddown related requirement in FY 1989 is a new clinic at Hunter's Point, California. Due to a late decision on the Fleet Homeporting initiative there, we will be notifying you of an increase in the scope of that project.

We are again seeking your support in FY 1989 for an ambitious but justified overseas medical construction program. Addition/alteration projects for the hospitals at Hahn Air Base, Germany, and at RAF Lakenheath, England for $18.5 million and $41 million respectively will not only modernize these inadequate 1950s structures, but will also provide us with a medical readiness capability. The replacement hospital project for $56.0 million at Seoul, Korea, and one for $30 million at Subic Bay, Philippines are long overdue in support of the active duty and their families that serve on our behalf at these locations. The same may be said for the eight clinic projects overseas for which we are asking $38.4 million.

The FY 1989 request includes $59 million for the next phase for the Madigan Army Medical Center replacement at Fort Lewis, Washington and the $23 million for the second phase of the replacement hospital at Fort Sam Houston, Texas. The Fort Sam Houston project is a major initiative under a new Joint Medical Military Command responsible for the health care delivery system in San Antonio. The JMMC became operational this year with the Air Force as the executive agent. The Congress authorized $135 million in FY 1987 for this project. The sizing of the project was recently completed and the design is underway. It is anticipated that additional authorization will be requested as soon as the cost estimates are available.

The FY 1989 program does reflect an increase in funding over FY 1988 for needed projects within CONUS and several warrant highlighting. We are requesting funds for the life safety projects at Corpus Christi, Texas, and at Seymour Johnson, North Carolina to ensure they can remain accredited. We are also committed to funding the second part of the effort at Fort Sill which replaces the existing inpatient hospital facilities. The Congress funded the

construction of a new ambulatory clinic facility in FY 1986. The remainder of our FY 1989 program request provides construction to correct serious facility deficiencies in the CONUS that support primarily health care to active duty members or, in the case of the Occupational Health Clinic at Robins Air Force Base, Georgia, supports the civilian workforce as required under DoD and OSHA regulations.

In summary, we are appreciative of this Committee's support for construction of DoD medical facilities. We ask you to look favorably on this year's request. We look forward to demonstrating our responsiveness to your questions.

This concludes my opening statement. Thank you again for the opportunity to appear before you.

NELLIS AIR FORCE BASE/VETERANS ADMINISTRATION JOINT VENTURE

Senator SASSER. Thank you, Mr. Dowery. I am going to defer now to Senator Reid, who I understand is under some rather severe time constraints this morning.

Senator Reid.

Senator REID. You are very kind, Mr. Chairman.

Mr. Dowery, I am concerned about a project that keeps getting put back further and further at Nellis Air Force Base which is a joint venture between the Air Force and the Veterans Administration [VA].

I think that this is an historic opportunity for this country to provide excellent medical care to two segments of our society who need it badly. In southern Nevada, which is one of the most rapidly growing areas in this country, we have a glaring need both by the military at Nellis Air Force Base which is ever-expanding, and the veterans population which is the most rapidly growing in the United States.

The result, of course, is predictable. We have tiny little Nellis Air Force Base's hospital trying to take care of the needs of the military personnel there that they cannot do. There are patients lined up in the hallways. The current facility contains serious life and fire safety violations, which is concerning to me. I know that we work in a world of priorities, but I see in your verbatim statement that has been made part of this record, and you mentioned briefly that there are other medical facilities being built all over the world.

I cannot tell you how the veterans in southern Nevada are really neglected. They are in this metropolitan area. They have no place to go. The closest area is some 250 miles away, when there is space there in San Bernino to get them in; otherwise, they go to Arizona or other places in southern California.

To make matters worse, now of course the VA has introduced a program where they do not pay for transportation for these veterans. So many times the patients get there, they are stranded, and there is no place for them to go in the hospitals that are not in the State, and it really has created a tremendous problem.

I think, and I know that you would agree with me, that this country's servicemen and the veterans deserve better treatment, especially Nellis Air Force Base where we have people there on a daily basis from all over the world who come there with the red flag exercises to train. They are also exposed to these very bad medical facilities that certainly

does not hold out in the best light what this country has to offer the military.

We cannot expect our servicemen to feel good about what they have to put up with, and this does not take into consideration what the veterans have to put up with. My concern is that not only is it good from outward appearances, but also I think it is a cost-savings venture for this country.

We really were extremely delighted, as was everyone in the House, when we learned that the VA and the Air Force had agreed on this joint venture. Then, of course—I can only speak for myself—I was terribly disappointed when I learned this kept getting put back, and now I understand it is in the 1991 budget when it should have been in this year's budget.

I mention this because not only—I repeat for the second time—would it provide better service to the veterans and to our servicemen at Nellis and the people that come there from around the world, but it would also save money. It would save money by providing these services when people could be treated early on and not arrive at the acute stage where it costs the country much more money.

I would ask you to respond generally to this, but I would also ask that there are certain documents that I would ask that you supply to me at the earliest possible date. If you have any trouble getting these, please let me know.

REPORTS

First of all is a 1982, November 1982 report that established the need for such a facility; a fire and life safety report from the Air Force contractor to the Department of Health and Human Services; and a Joint DOD-VA study dated July 30, 1985, conducted by Vector Research. Could you do your best to get those three to me as soon as you can?

Mr. DOWERY. Yes, sir.

[The information follows:]

FINAL REPORT

LIFE SAFETY CODE SURVEY

NELLIS AIR FORCE BASE HOSPITAL
LAS VEGAS, NEVADA

Date of Survey 5 - 6 December 1985

Survey Team Members Richard Laeng
Emillio Pucillo

National Fire Protection Association Code
for Safety to Life from Fire
in Buildings and Structures

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
Public Health Service
Health Resources and Services Administration

Summary of the Nellis Air Force Base Hospital Survey Final Report

The hospital was constructed in 1965 using the 1963 edition of the Life Safety Code. A dental clinic addition was constructed in 1973. Since the design and construction of this facility, there have been many changes to the Life Safety Code which render the facility substandard in complying with the present (1981 edition) Life Safety Code. This survey was conducted to identify the areas of noncompliance and provide an estimate of costs to bring the facility into compliance. Non-Life Safety Codes items were also noted within the facility which required upgrading.

The U.S. Air Force Hospital at Nellis AFB, Las Vegas, Nevada, has approximately 114,000 square feet and has a maximum capacity of approximately 70 beds. The building is constructed of noncombustible materials; however, structural members above ceiling level are all unprotected steel. For this reason, this structure is rated as Type II, (000) construction, a noncombustible, unprotected structure. A new replacement facility is scheduled to be built in 1989.

Life Safety Code Deficiencies. Many deficiencies were noted during the survey. No single deficiency posed an immediate threat to life; however, a combination of several deficiencies and the extremely crowded condition of this facility raises serious concerns. The primary areas of deficiencies include: unprotected structural members above ceiling level; the lack of protected corridors which includes partitions, doors and vision panels; the lack of adequate smoke compartmentation; inadequately protected hazardous areas; inadequate exits in some areas; and an antiquated fire alarm system. The total estimated cost to bring this facility into compliance with the Life Safety Code is $737,000.

General Facility Upgrade. The patient population for this hospital has tripled since its original design and construction in 1965. This fact has led to the planning and design of a new facility scheduled for construction in 1989. If a new facility is a reality, facility upgrade projects should not be accomplished unless they will immediately resolve space problems at a minimum cost. Several areas lack adequate space. Some of these areas are: outpatient records, pharmacy, laboratory, the special care unit, cystoscopy, several waiting rooms and offices. Overcrowding as a result of inadequate space is a critical problem at Nellis, and has a direct impact on fire safety, particularly as it relates to occupancy load, overloaded corridors, panic and the safe egress of personnel. Overcrowding also leads to additional problems such as poor morale and generally inefficient operation. The facility management staff has recommended at least five projects which would help alleviate some of the space problems. These projects total an estimated $315,000. Additional projects have also been proposed and should be funded only if a new facility is not completed in the near future. The total estimated cost of all facility upgrade projects proposed is $1.2 million.

Nellis Air Force Base
Las Vegas, Nevada
Final Report of Hospital Survey

I. Authority

The hospital survey was conducted under the terms of an Agreement between the United States Air Force (USAF) and the United States Public Health Service, Bureau of Health Maintenance Organizations and Resources Development (BHMORD). Under this agreement, the Office of Health Facilities (OHF), Division of Facilities Resources (DFR) [formerly the Division of Facilities Conversion and Utilization] of BHMORD, is to conduct physical surveys of approximately 50 USAF hospitals to assess their compliance with the Life Safety Code 101 of the National Fire Protection Association (NFPA). The Air Force also requested a professional opinion on the general condition of the facility and a list of recommended facility upgrade projects with an estimated cost.

II. Purpose

The purpose of this project is to define the areas of noncompliance with the Life Safety Code, list areas requiring general facility upgrade, and provide separate cost estimates for both.

III. Objectives

There are four overall objectives of this project. The first objective is to identify and quantify the Life Safety Code deficiencies in the hospital. The next objective is to provide a comprehensive cost estimate to correct the Life Safety Code deficiencies. This estimated cost is based on the most economical approach to correcting these deficiencies using the equivalency method as outlined in Appendix C of the Life Safety Code 101. The third objective is to identify and provide a general cost estimate to upgrade the hospital in areas related to the Life Safety Code deficiencies. The final objective is that this report be used as a design tool by the Architect/Engineer. Specific references to the Life Safety Code are made throughout this report for easy cross reference.

IV. Survey Instruments

Two of the instruments used in this survey were modifications of existing instruments and two were developed specifically for this project. The following were used:

A. Office of Health Facilities Pre-Survey Informational Request. This instrument is a questionnaire used to gather general information about the specific hospital prior to the actual site visit.

B. Zone Deficiency/Equivalency Worksheet. This instrument was developed by DFR and is used during the physical survey to gather quantitative information about the hospital's existing conditions and deficiencies.

C. Data Entry Worksheet. This worksheet is a modification of a National Bureau of Standards worksheet and is used to structure the information gathered on the Zone Deficiency/Equivalency Worksheet for the Fire Safety Evaluation System Cost Minimizer (FSESCM) computer program.

D. Survey Form to Evaluate the Life Safety Conditions of the United States Air Force Hospitals. This form is a modification of the Department of Health and Human Services, Health Care Financing Administration's Fire Safety Survey Report, which is used to identify specific deficiencies without quantifying the deficiencies.

V. Procedure

The following general procedure is used in conducting all surveys:

A. The Pre-Survey Informational Request and the "as-built" drawings are submitted by the hospital and reviewed by the survey team prior to a scheduled survey.

B. All preliminary data (using the "as-builts" and Pre-Survey Informational Request returned from the Base) is recorded before the physical survey of each hospital.

C. The survey team conducts the physical survey of the hospital.

D. All relative information is recorded by the survey team during the survey.

E. The information gathered is processed to determine the most economical approach to correct Life Safety Code deficiencies and a general cost estimate to correct related facility upgrades is prepared.

F. The final report is prepared and submitted to HQ USAF.

VI. General Description of Facility

This facility is a one story reinforced concrete structure, slab on grade. The building is functionally divided into three sections, i.e., outpatient clinic, inpatient area and dental clinic along with various support functions. The original hospital was constructed in 1965 and the dental clinic added in 1973. The structural system consists of a concrete slab floor, steel joists and beams supporting a metal deck and roof system. The exterior walls consist of two widths of brick which are load bearing and support the roof. Pipe and steel columns support roof members where required. Interior walls are brick masonry or plaster on metal lath and steel studs. This facility has been subdivided into seven fire zones. Zone one contains the medical/surgical clinic, patient rooms, mechanical equipment rooms, an enclosed courtyard and the nursery. Zone two has the operating room, labor and delivery suite, the special care unit, support rooms, the second enclosed courtyard, and visitors lounge. Zone three houses patient rooms, dining hall, kitchen and mechanical rooms. Zone four houses the general practice clinics, OB/GYN clinic, examination and treatment rooms and office space. Zone five has the pharmacy, outpatient records, aerospace medicine clinic, mechanical room and support functions. Zone six contains radiology, physical therapy, the laboratory and administration. Zone seven has the dental clinic, medical supply warehouse, medical equipment maintenance and housekeeping. (See Attachment F.)

VII. Specific Life Safety Deficiencies

A. Overall Structure

1. All structural members above ceiling level were unprotected steel; however, columns appeared to be four inch lally columns with concrete fill. Ceiling was largely laid-in-place mineral tile without hold down clips which does not provide one hour protection. This structure is considered to be Type II, (000) construction. While this type of construction is allowed in single story buildings, costs have been added in the FSESCM computer program to upgrade the structure to a noncombustible, protected building.

2. The dental clinic was a 1973 addition and has a two-hour fire barrier, but approved self-closing fire doors are required in the connecting corridor. (Para. 13-1.1.4.2/LSC)

B. Corridor Walls and Doors

1. Walls terminate at or just above ceiling level and do not properly extend to the roof deck. This building is only partially sprinklered. (Para. 13-3.6.1/LSC)

2. Many vision panels were plain glass and some exceeded 1,296 square inches, particularly in corridor next to the dining hall. (Para. 13-3.6.2/LSC)

3. Many doors had plain glass view panels in wood frames, louvers or were missing entirely. Several dutch doors were also noted. (Para. 13-3.6.3/LSC)

4. Waiting areas in zones one and four are open to the corridor, are over 600 square feet and have no smoke detectors. (Para. 13-3.6.1, Exception No. 3/LSC)

5. The refrigeration room (801) and boiler room (805) have vents and a temporary wood panel on exit passageway #916 and the corridor leading to it. These vents should be relocated and the panel replaced with fire resistive materials so that a protected exit passageway can be established. (Para. 13-3.6.1/LSC)

6. Curtains in corridor serving dining hall and surgery do not appear to be flame retardant. All curtains, including cubicle curtains in patient rooms should be checked to assure that they are properly fire rated. (Para. 31-1.4.1, 31-4.5/LSC)

C. Smoke Compartmentation and Control

1. Smoke compartments have not been adequately established because most partitions stop at ceiling level. One smoke partition is constructed which "dissects" the building; however, this partition has numerous gaps and penetrations. (Para. 13-3.7.1, 13-3.7.2/LSC)

2. Seven smoke compartments or fire zones have been recommended for this facility. If smoke partitions are installed doors in smoke partitions must conform to Para. 13-3.7.5/LSC and should be able to automatically close and be activated by a smoke detection system. (Para. 13-2.11.5/LSC)

3. If smoke partitions are installed, ducts penetrating these partitions will require dampers. (Para. 6-3.5, 13-3.7.7/LSC)

D. Exits and Exit Access

1. Fire zone number two which contains the medical/surgical ward, labor and delivery and the OR should have two exits remote from each other, only one of which may be a horizontal exit. This would ideally require the relocation of the two-hour fire wall and 1 1/2 hour doors across corridor 1101. This partition should extend from the exit door along room 1114 and across the corridor with horizontal exits installed to serve corridor 423 and 163. (Para. 13-2.4.1, 13-2.4.2/LSC)

2. Dining hall is 1,474 square feet with an occupancy load of 98. This room requires a second remote exit. (Para. 13-2.5.3/LSC)

3. Some corridors lacked adequate directional signs and some exit lights were burned out. (Para. 13-2.10.1/LSC)

4. The chain link gate across passageway #916 should be removed to prevent inadvertent locking. (Para. 13-2.1, 5-5.1.1/LSC)

E. Fire Alarm, Smoke Detection and Automatic Sprinkler Systems

1. The fire alarm system is antiquated and badly in need of replacement. Some chimes were inaudible during fire drill and some additional pull stations are required near nurses stations. The pull station in the Air Force Clinic Lobby was located behind a temporary counter and had a plastic cover. The counter should be relocated and the cover removed. (Para. 13-3.4.1-5, 7-6.2.3, 7-6.2.5/LSC)

2. The main control valve of sprinkler system is located 25 feet above main mechanical room floor and did not appear to be electrically supervised. (Para. 13-3.5.3/LSC)

3. Fire zones one and four require additional fire extinguishers to comply with the code requirements of one per 3,000 square feet or 75 feet travel distances. (Para. 13-3.5.5/LSC)

F. Hazardous Areas

1. Several ordinary hazard areas do not have one hour separation or sprinklers. These areas are patient records, laboratory and prosthodontics laboratory. The wood shop in room 623 is a severe hazard and should have both sprinklers and one hour separation. (Para. 13-3.2.1/LSC)

G. Building Service Equipment

1. Many rooms throughout the building were much warmer than the building in general. These "hot spots" present intolerable conditions for staff and patients, and indicate an inability of the air handling system to carry adequate quantities of cool air evenly distributed throughout the facility. The worst situation was room 1302. Recommend a complete evaluation of the HVAC system. (Para. 13-5.2.1/LSC)

2. The incinerator room has a louvered door directly on exit passageway #916. This door should be a 1-1/2 rated fire door. (Para. 13-5.4.1/LSC)

H. Medical Gases

1. The entire medical gas system is antiquated and inadequate and should be replaced. A project to accomplish this recommendation was to have begun in December 1985. The new system should comply with appropriate sections of NFPA 56B, 56F and 99, 3-2.

I. Interior Finish

1. Several rooms e.g., #'s 353, 367,231, 1321, 1302, 1334, 1335, 503 and corridors, e.g., #'s 1501, 1617, 1610, 1402 contained paneling, partitions and incidental trim which had undetermined flame spread rates. These finishes should be tested and if found to be Class C, should be removed. (Para. 13-3.3.1/LSC)

Summary of General Life Safety Deficiencies

This hospital has several deficiencies which affect the containment, extinguishment and people movement aspects of fire safety. In addition, these deficiencies combined with the severe overcrowded conditions of this facility could lead to serious problems in the event of a fire. The overall structure has no fire protection to structural members above ceiling level and the building is not totally sprinklered. Corridors lack adequate protection because partitions do not extend to the roof deck and several doors and view panels are not fire rated. Adequate smoke partitions, rated smoke door assemblies, smoke dampers and horizontal exits are not in place where required. Some exits need to be improved or added to insure safe egress of personnel. The fire alarm system needs to be completely replaced and additional

pull stations installed. Several hazardous areas need additional protection such as separation or sprinklers. The HVAC is either poorly designed, out of balance or both and needs immediate attention. A significant amount of paneling in the building may be Class C or worse and should be replaced.

A fire drill was conducted during the survey. All personnel were well aware of their duties and responsibilities. All personnel except inpatients and attending staff exited the building quickly and orderly. Cooperation and coordination between the hospital and the base fire department appeared to be excellent.

IX. Summary of Planned Facility Upgrades With Cost Estimates

Because of the possibility of a new facility being constructed in the near future, these facility upgrade projects will not likely be funded; however, the following are urgently needed to alleviate space deficiencies.

Modify Emergency Services	$155,000
Enlarge the Special Care Unit	20,000
Provide Urology/Cystoscopy Suite	25,000
Remodel Outpatient Records and Expand Pharmacy	30,000
Provide Additional Parking Spaces	85,000

Two additional projects have been previously proposed by the facility to correct Life Safety Code deficiencies identified in 1982. The total amount required for these projects is estimated at $830,000.

As a result of this survey, only two additional facility upgrades are proposed. One is removal and replacement of conductive flooring in the operating suite and the labor and delivery suite. The second is providing remote cut-off valves for autoclave units which should be readily accessible, but not in the same room as the units. The cost estimate for these projects is $65,000 with 95 percent of the cost related to conductive flooring replacement.

X. Estimated Cost to Correct Life Safety Code Deficiencies

The estimated cost to correct the Life Safety Code deficiencies noted during the survey is $737,000. This cost is based on the most economical methods of correcting these deficiencies using Appendix C of the Life Safety Code (Fire Safety Evaluation System for Health Care Occupancies).

A computer costing program was developed by the National Bureau of Standards to estimate the most economical cost to comply with the Life Safety Code. This program uses Appendix C of the Life Safety Code to determine safety equivalency. The computer program uses 1981 cost data for the Washington, D.C. area. The cost data is then modified for the target hospital for both labor and materials. The reference book used is the 1985 edition of Building Construction Cost Data 1985 by Robert S. Means.

There are several classes of solutions as outlined in the Total Building Summary Report portion of the Fire Safety Evaluation System Cost Minimizer (FSESCM) computer program print out (Attachment D). The cost of these classes of solutions are greater than the optimal cost shown above. However, the design engineer may wish to consider these classes of solutions in his final design. Attachment E is a copy of the User's Manual for the Fire Safety Evaluation System Cost Minimizer Computer Program used in this project.

XI. Special Considerations

Special considerations must be given to the planning and design of any project to correct Life Safety Code deficiencies. It should be designed to minimize the interruption of services rendered to Air Force personnel and their dependents. However, because of the possibility of the construction of a new hospital, significant funding to correct these Life Safety Code deficiencies may not be economically feasible. If construction of a new facility is indefinitely delayed or cancelled, then all deficiencies noted should be corrected. If these deficiencies are corrected, the construction necessary to correct deficiencies should be coordinated with other planned work to insure that functional down time for the hospital is not duplicated by other proposed work. The Hospital Commander and the Base Civil Engineer must work closely to insure that coordination and cooperation between all parties is maintained throughout the planning, design, and construction phases of this project.

XII. Conclusion

The hospital at the time of its design, may have complied with the Life Safety Code. However, lessons learned from major and minor fires stimulated new technology in fire protection which has brought forth changes to the Code since 1965. In addition, this facility has experienced rapid patient population growth over the last 30 years and has simply run out of space.

Work areas such as the pharmacy, laboratory, medical warehouse, and outpatient records have near intolerable working conditions. In addition, corridors are being used for patient overflow from waiting areas and storage of supplies and equipment. Furthermore, office space is severely limited and in one case an old bathroom has been converted to a break room. For these reasons, a new facility is planned for 1989. However, until a new facility is constructed all reasonable efforts should be made to reduce the crowded conditions which now exist.

XIII. Recommendations

If a new hospital is being constructed in the near future, it will probably be economically unfeasible to correct all Life Safety Code Deficiencies. However, all efforts should be made immediately to resolve overcrowded conditions of this facility. These efforts should include the use of temporary modular units to house noncritical functions such as office space and storage areas; patio enclosures should be considered for additional space and perhaps the use of a shuttle bus service which would help the parking situation.

If funding for the construction of a new facility is delayed or cancelled, then all Life Safety Code deficiencies noted in this report should be corrected as soon as possible with the following recommendations. An incremental cost estimate of the prioritized deficiencies should be made to secure funding to correct all known deficiencies. Those deficiencies that are high risk to life should have the highest priority. An architectural/engineering firm with competent fire engineers and with a well known "track" record in this area should be selected to design this project. One major consideration in the design is minimizing the disruptions to the hospital functions.

AN AIR FORCE-
VETERANS ADMINISTRATION
JOINT VENTURE
AT USAF HOSPITAL NELLIS

3 JULY 1985

VECTOR RESEARCH, INCORPORATED

AND

SHERLOCK, SMITH, AND ADAMS

FOREWORD

This report presents recommendations for an Air Force-Veterans Administration joint venture at US Air Force Hospital Nellis, located eight miles north of Las Vegas, Nevada. The analysis of a joint venture was performed by Vector Research, Incorporated, and Sherlock, Smith, and Adams, Incorporated, for the United States Air Force and the Veterans Administration under contract number F08637-84-C-0024. The findings contained in this report are those of the contractors, not the Air Force or the Veterans Administration, except where specifically designated.

CONTENTS

Section		Page
1.0	INTRODUCTION & RECOMMENDATIONS	1-1
	1.1 Background	1-1
	1.2 Recommendations	1-5
	1.3 Advantages of the Recommended Joint Venture	1-7
2.0	VETERAN WORKLOAD AT USAF HOSPITAL NELLIS	2-1
	2.1 Operational Recommendations and Workload Results	2-1
	2.2 Veteran Discharge Estimates	2-4
	2.3 Veteran Bed Day Estimates	2-11
	2.4 Veteran Outpatient Visit Estimates	2-14
3.0	COST ANALYSIS OF VETERANS ADMINISTRATION HEALTH CARE DELIVERY ALTERNATIVES	3-1
	3.1 Summary of Results	3-1
	3.2 Detailed Cost Analysis Findings	3-3
	3.3 Reimbursement Rates	3-13
4.0	STAFFING REQUIREMENTS FOR A JOINT VENTURE AT USAF HOSPITAL NELLIS	4-1
	4.1 Staffing Requirements	4-1
	4.2 Alternatives for Staffing the Nellis Facility	4-7
5.0	CONSTRUCTION REQUIREMENTS FOR A JOINT VENTURE AT USAF HOSPITAL NELLIS	5-1
	5.1 Program for Design	5-1
	5.2 Site Plan	5-3
	5.3 Construction Costs	5-5
APPENDIX A		A-1

LIST OF EXHIBITS

Number	Title	Page
2-1	Estimates of 1991 Workload at USAF Hospital Nellis	2-3
2-2	Estimation of Veteran Discharges at USAF Hospital Nellis	2-5
2-3	Distribution of Veterans by State	2-7
2-4	Number of Veterans Per Civilian Population	2-9
2-5	Estimation of Veteran Bed Days at USAF Hospital Nellis	2-12
2-6	Comparison of Lengths of Stay Used In this Analysis to National Rates	2-13
2-7	Distribution of Visits by Clinical Area	2-16
3-1	Annual VA Costs Without Nellis Joint Venture	3-5
3-2	Annual VA Savings With Nellis Joint Venture	3-8
3-3	Annual VA Savings from Joint Venture Under Scenario A	3-11
3-4	Annual VA Savings from Joint Venture Under Scenario B	3-12
4-1	Staffing Requirements	4-2
4-2	Physician Requirements	4-3
4-3	Total Staff Requirements	4-4
5-1	Net Square Footage Requirements	5-2
5-2	Site Plan	5-4
5-3	Net to Gross Conversion	5-6
5-4	Application of Square Footage Costs	5-7
5-5	Construction Cost Summary	5-8
A-1	Inputs to the Air Force Facility Planning Model	A-1
A-2	Outputs from the Air Force Facility Planning Model	A-31

1.0 INTRODUCTION AND RECOMMENDATIONS

This analysis of an Air Force-Veterans Administration resource sharing arrangement in Las Vegas, Nevada, was conducted by Vector Research, Incorporated, (VRI) and Sherlock, Smith, and Adams, Incorporated, (SS&A). The analysis objective was to develop a sharing arrangement that would satisfy the needs of both Air Force and Veterans Administration beneficiaries and result in cost savings to the government. The resulting recommendation for a joint venture and the analysis findings that support the recommendation are documented in this report.

The report is organized into five chapters. In the remainder of chapter 1.0, the events leading to the Las Vegas resource sharing analysis are discussed, the recommendations for a sharing arrangement are summarized, and the advantages of the recommended joint venture are identified. In the four subsequent chapters of the report, more detailed analysis results are presented. Chapter 2.0 explains how veteran workload estimates for USAF Hospital Nellis were obtained. The costs of providing this workload through various health care delivery alternatives are compared in chapter 3.0. Staffing requirements and construction requirements for a joint venture at USAF Hospital Nellis are discussed in chapters 4.0 and 5.0, respectively.

1.1 BACKGROUND

Public Law 97-174, enacted in May 1982, established mechanisms that promote greater sharing of health care resources between the Veterans Administration (VA) and the Department of Defense. Since enactment of the law, more than 130 sharing agreements have been implemented at 82

sites. Arrangements have been negotiated for sharing inpatient and outpatient health care facilities as well as ancillary and support operations. These agreements have resulted in both cost-savings to the government and increased services for veterans and uniformed service beneficiaries.

The potential for a resource sharing agreement in Las Vegas was identified in two recent studies, a VA feasibility study of inpatient services in Las Vegas and an Air Force economic analysis of USAF Hospital Nellis. These two independently-conducted studies served as the impetus for this investigation into potential sharing agreements in Las Vegas. The findings from the two studies are summarized below.

A Veterans Administration Feasibility Report on Inpatient Services for Las Vegas, Nevada[1]

As documented in this study, veterans in the Las Vegas area are served by a Veterans Administration outpatient clinic that provides more than 55,000 visits annually. However, no VA inpatient facilities are available in the area. Veterans in need of hospitalization are either sent 240 miles to VA Medical Centers (VAMCs) in Southern California (primarily Loma Linda, but alternatively West Los Angeles, Sepulveda, Long Beach, or San Diego) or admitted to private Las Vegas hospitals on a fee basis.

There are two major problems associated with this arrangement. First, it is not a cost-effective method of health care delivery. In 1983 the Las Vegas outpatient clinic expended $1.1 million for fee basis

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[1]Prepared by Sheldon D. Weisgrau and Vincent W. Ng, Long Beach VA Medical Center, 5 June 1984.

care alone.[1] Adding fee basis expenditures to other costs, such as the cost of transporting patients to Southern California VAMCs, the Las Vegas clinic spent 20 percent of its $6.6 million 1983 budget for patient hospitalization. Second, the practice of sending patients to Southern California VAMCs is, at the very least, an inconvenience to patients. Difficulties associated with this practice include: delays in admissions until beds become available in California VAMCs; uncomfortable and poorly scheduled transportation options; a lack of family support for patients, since relatives are not transported with the patients to California; the perception of Nevada veterans that they are "second class citizens" to California residents in the California VAMCs; and the inability of the VA to implement services in Las Vegas, such as a Home Care Program, which require ready access to an inpatient facility.

Because of the economic burden placed on the Las Vegas clinic by the current situation and because of the need to serve Las Vegas veterans better, the VA feasibility study recommended that actions be taken to provide veteran inpatient care locally. Several short-term solutions were identified in the study, including a sharing agreement with USAF Hospital Nellis. As a long-term solution, the study recommended construction in Las Vegas of either a VA medical center or a combined VA-Air Force inpatient facility.

An Economic Analysis of USAF Hospital Nellis[2]

This study documented that the existing USAF Hospital Nellis is providing health care to a large, growing population of uniformed service

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[1]From 1983 to 1984, fee basis costs more than doubled; in 1984 the clinic spent $2.5 million for fee basis care.

[2]Prepared by Vector Research, Incorporated, and Sherlock, Smith, and Adams, Incorporated, VRI-AFSG-3 FR84-2(R), 31 October 1984.

beneficiaries. The increases in population are resulting in additional health care demands that cannot be met by the 20-year-old facility, which has already been expanded to twice its original size. Consequently, the Air Force relies on local private hospitals, paid through the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS), to provide the care that Nellis cannot.

Health care costs in Las Vegas are high, and Nellis's reliance on the private sector has resulted in substantial CHAMPUS expenditures. In 1983 CHAMPUS outlays for the Nellis area were over $10 million. In the previous year, $340 in CHAMPUS funds were spent per Nellis catchment area beneficiary, an amount that is $100 more than the next most expensive Air Force hospital catchment area.

The economic analysis documented that health care can be more cost-effectively provided at USAF Hospital Nellis than through CHAMPUS. Based on a detailed comparison of health care costs, the recommendation was to construct a new facility at Nellis that would be capable of providing as much care as demanded in-house. Because of the differential between Nellis and CHAMPUS costs, this solution would result in a 20 percent savings (after accounting for construction costs) over continued operation of the existing facility.

The economic analysis report also stated that the recommended Nellis construction project offers an opportunity for the Veterans Administration to secure a cost-effective source of veteran health care. The report suggested that the VA capitalize on the economical health care available at Nellis and avoid the expensive local hospitals by participating in the construction project. To encourage such an arrangement, a nominal three hospital beds were included in the recommended construction

project for use by veterans. The report suggested that consideration be given to incorporating a larger number of veteran beds into the new Nellis facility.

1.2 RECOMMENDATIONS

Motivated by the findings from these two studies, this analysis of potential resource sharing agreements in Las Vegas was initiated. The alternatives that were considered ranged from the inclusion of three VA beds in the Nellis facility (as discussed in the economic analysis of USAF Hospital Nellis) to the construction of more than 200 VA beds (indicated in the VA feasibility study as the potential requirement for completely satisfying veteran health care needs). The final recommendation, described below, is a compromise between these two extremes. It represents a manageable resource sharing arrangement that can be expanded in the future if needed.

The recommendation is to construct a new USAF Hospital Nellis that would provide inpatient, acute, medical/surgical care for uniformed service beneficiaries and veterans. The facility would contain 135 hospital beds:

- 66 medical/surgical beds for uniformed service beneficiaries;
- 52 medical/surgical beds for veterans; and
- 17 obstetrical beds for uniformed service beneficiaries, and veterans as needed.[1]

The Air Force and VA inpatient facilites would be integrated, so that health care is jointly provided to uniformed service beneficiaries and veterans. USAF Hospital Nellis would include clinic facilities for

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[1]The decision not to include a psychiatric unit for veterans is discussed in section 2.1.

providing outpatient care to uniformed service beneficiaries. It is recommended, however, that the majority of veteran outpatient care continue to be provided at the VA Las Vegas outpatient clinic, which is a modern facility with a range of services that are tailored to the needs of veterans.[1]

It is further recommended that USAF Hospital Nellis remain under Air Force control, since the Air Force has already established a presence in the area. The Air Force would staff and operate the facility,[2] and agreements would be negotiated by which the VA would reimburse the Air Force for operating costs. For example, the VA could agree to purchase 15,900 inpatient days of care annually[3] plus associated outpatient care, and to reimburse the Air Force on a cost per bed day, cost per visit basis. (Reimbursement rates are discussed in more detail in section 3.3.)

The estimated cost of constructing the 135-bed USAF Hospital Nellis is 90.3 million 1991 dollars (see section 5.3 for details). This represents an increase of $10.9 million 1991 dollars over the 79.4 million dollar construction project for an Air Force facility without VA participation. There are at least two options for funding the joint construction project. The VA could contribute the 10.9 million dollar increase

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[1]Pre- and post-admission veteran outpatient care would, however, be provided at the Nellis facility to assure continuity of care.

[2]VA physicians could work at the Nellis facility if it is mutually beneficial for the VA and the Air Force. Staffing alternatives are discussed in section 4.2.

[3]This corresponds to an average daily inpatient census of 44, which is an 85 percent occupancy rate for the 52 VA medical/surgical beds. The requirement for this number of beds is documented in section 2.3.

in construction funds, with the Air Force providing the remaining 88 percent of the construction budget. Alternatively, the Air Force could solely fund the project and be reimbursed over time through cost per bed day and cost per visit rates inflated to include marginal construction costs. The approach to construction funding has yet to be negotiated by the VA and Air Force.[1]

The recommended site for the new Nellis facility is on the northeast edge of Las Vegas, just outside Nellis Air Force Base. The site contains 40 acres of government-owned land. It is easily accessible by veterans, since it is not within the boundaries of Nellis Air Force Base, and by uniformed service beneficiaries, since it is located next to the base. The site provides sufficient space for the recommended 135-bed hospital. It also can accommodate VA expansion (e.g., a VA nursing home, drug and alcohol rehabilitation center, psychiatric unit, and/or outpatient clinics) if such construction is desired by the VA and the Air Force.[2]

1.3 ADVANTAGES OF THE RECOMMENDED JOINT VENTURE

The recommended joint venture at USAF Hospital Nellis has several attractive features for the Veterans Administration and the Air Force. As previously stated, it is a manageable sharing arrangement that can be expanded in the future if needed. The solution capitalizes on the forte of medium-sized Air Force hospitals -- inexpensive, acute, medical/surgical care. In addition, the joint venture demonstrates responsiveness

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[1]For the purpose of coordinating VA and Air Force funding, it should be noted that the Air Force has identified Nellis as a candidate for a fiscal year 1989 construction project.

[2]A site plan is provided in section 5.2.

to Public Law 97-174. Furthermore, it displays Air Force and VA innovation since the proposed solution is a prototype integrated Air Force-VA inpatient facility.

There are several particular advantages of the recommended solution for the Veterans Administration. The solution provides a VA presence in Las Vegas without VA commitment for a stand-alone medical center, and it satisfies the VA-documented need for a veteran inpatient facility in Las Vegas. The VA will be able to purchase care more economically from USAF Hospital Nellis than from local private hospitals (as discussed in chapter 3, 1983 fee basis costs incurred by the VA in Las Vegas were $1000/day for both a medical and surgical bed, while Nellis 1983 costs were $277/day for a medical bed and $424/day for a surgical bed). Furthermore, the existence of an inpatient facility in Las Vegas will allow the VA to implement services, such as a Home Care Program, to better serve the needs of area veterans.

The Air Force will also benefit from the recommended joint venture since the expanded Nellis hospital will offer additional services to beneficiaries. The combined medical/surgical health care demand of uniformed service beneficiaries and veterans will warrant various specialists on the Nellis staff (including a gastroenterologist, an oncologist, and a pulmonary physician) that would not be justified by the DoD demand alone.[1] Furthermore, the combined workloads may justify the purchase of high-technology equipment for USAF Hospital Nellis. Finally, the recommended solution is to maintain Air Force control of the hospital, a management decision that is important to both the Air Force Surgeon General and the Air Force Tactical Air Command.

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[1]Based on Air Force staffing policies.

2.0 VETERAN WORKLOAD AT USAF HOSPITAL NELLIS

As stated in chapter 1.0, the recommended joint venture at USAF Hospital Nellis includes an average daily inpatient census of 44 veterans. Chapter 2.0 documents how this estimate of veteran workload was derived. Workload estimates for uniformed service beneficiaries are presented in this chapter, but their derivation is documented in the economic analysis of USAF Hospital Nellis and is not repeated here.

The chapter is organized into four sections. In section 2.1, recommendations about the types of veteran care to be provided at Nellis are discussed, and the resulting workloads are presented. The following three sections describe the estimation of veteran discharges, bed days, and visits, respectively.

2.1 OPERATIONAL RECOMMENDATIONS AND WORKLOAD RESULTS

Since USAF Hospital Nellis is a medium-sized Air Force hospital, there are certain types of care that it will not be equipped to provide. The facility's limitations were considered in estimating the type and amount of care to be provided to uniformed service beneficiaries.[1] These limitations were also incorporated into the estimation of veteran workload, as discussed in this section.

The types of inpatient services that USAF Hospital Nellis could best provide to Las Vegas veterans were investigated. The veteran population has certain inpatient care requirements that the Air Force hospital

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[1] An Economic Analysis of USAF Hospital Nellis, volume II, chapter 5.

cannot be staffed or equipped to satisfy -- specifically, long-term medical/surgical care and extensive psychiatric care. Including such care in the resource sharing agreement would likely result in unsatisfactory services for veterans and inappropriate utilization of Air Force resources. Consequently, it was recommended that Nellis should offer veterans the type of inpatient care it is designed to provide -- acute medical/surgical care. This approach does satisfy a definite need of veterans, since two-thirds of hospitalized veterans require medical/surgical care and stay in the hospital three weeks or less.[1] (In this approach, long-term and psychiatric veteran inpatient care will continue to be provided at California VAMCs and on a fee basis at local civilian hospitals).

A second recommendation was that Nellis should not assume responsibility for veteran outpatient care. The Las Vegas VA outpatient clinic is a modern facility with a range of services that are tailored to the needs of veterans. It is illogical to close this facility which is already in operation, is leased through 1995, and is in the process of expanding services. Instead, it was recommended that the resource sharing agreement focus on the documented VA-need -- that is, an inpatient facility -- and that only pre- and post-admission veteran outpatient care be provided at Nellis.

Based on these recommendations, estimates of veteran workload were obtained. They are displayed in exhibit 2-1, along with workload estimates for uniformed service beneficiaries.[2] As shown in the exhibit,

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[1]Calculated from data in the Veterans Administration 1983 Annual Report, page 183.

[2]The estimates are for 1991, which is the target occupancy date for Nellis facility.

EXHIBIT 2-1: ESTIMATES OF 1991 WORKLOAD AT USAF HOSPITAL NELLIS

	UNIFORMED SERVICE BENEFICIARIES	VETERANS	TOTAL
ANNUAL DISCHARGES	7,180 (77%)	2,112 (23%)	9,292 (100%)
AVERAGE DAILY INPATIENT CENSUS	70 (61%)	44 (39%)	114 (100%)
ANNUAL OUTPATIENT VISITS	288,370 (92%)	25,344 (8%)	313,714 (100%)

23 percent of the Nellis discharges will be veterans; however, since veterans typically require longer hospital stays than uniformed service beneficiaries almost 40 percent of the daily inpatient census will be VA beneficiaries. In contrast, veterans will receive less than ten percent of the outpatient care provided at Nellis.

Explanations of how veteran discharges, bed days, and visits were estimated are presented in the following three sections. The approach that was used resulted in a recommended solution that is consistent with the national trends reported in the VA publication, "Caring for the Older Veteran." Nationwide, the demand for VA hospital care is projected to be at or above the 1990 level through 2010; the recommended Nellis facility will be functional through 2015. Nationwide, the demand for VA ambulatory care is projected to decrease after 2000; no construction of VA outpatient facilities is recommended at Nellis. Nationwide, the demand for VA long-term care will increase after 1990; the recommendation provides the option to construct long-term care facilities at Nellis site.

2.2 VETERAN DISCHARGE ESTIMATES

The estimate of 2,112 veteran discharges from Nellis in 1991 was calculated in a two-step process. The two steps are shown in exhibit 2-2, and each is discussed in this section.

In step 1, age-specific discharge rates were multiplied by Las Vegas veteran population forecasts in order to estimate discharges. National discharge rates were used, even though they do not provide area-specific utilization information, because the Las Vegas inpatient utilization

EXHIBIT 2-2: ESTIMATION OF VETERAN DISCHARGES AT USAF HOSPITAL NELLIS

AGE	STEP 1: 1983 NATIONAL VA DISCHARGE RATES (A)	STEP 1: VETERANS IN LAS VEGAS IN 1990 (B)	STEP 2: 1990 VETERAN DISCHARGES (A X B = C)	STEP 2: PERCENT OF DISCHARGES THAT ARE ACUTE MED/SURG (D)	STEP 2: ACUTE MED/SURG DISCHARGES (C X D = E)
<25	.0265	1068	28	50%	14
25 - 44	.0204	24783	506	44%	222
45 - 54	.0242	17243	417	62%	260
55 - 64	.0455	20055	913	70%	643
65 - 74	.0625	16350	1022	73%	751
75 - 84	.0709	3616	256	71%	183
>85	.1413	389	55	70%	39
ALL	.0354	83504	3197	66%	2112

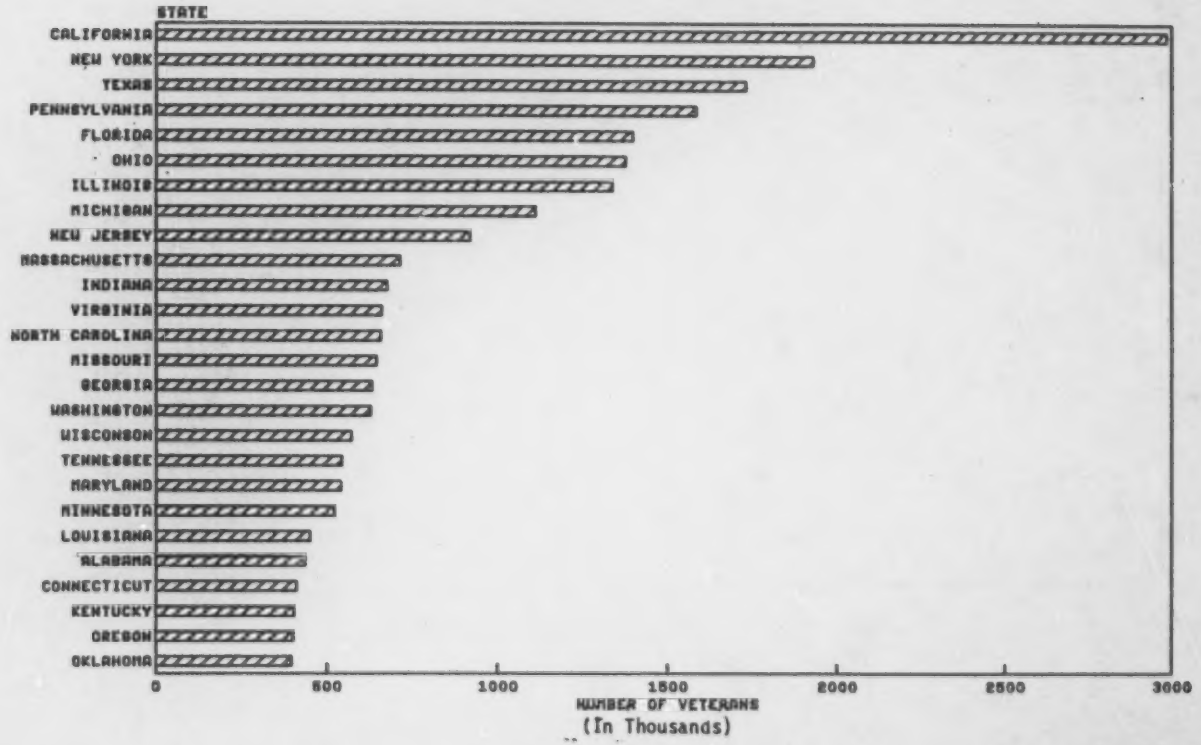
rates are artificially low (demand is suppressed in Las Vegas because of the lack of a VA hospital). Las Vegas-specific demographics, however, are incorporated into the discharge projections by the use of age- specific discharge rates and population forecasts.

The national discharge rates shown in column A of exhibit 2-2 were taken from page 59 of the Veterans Administration 1983 Annual Report. Trends in VA discharge rates over the last three years were examined, but the observed changes in utilization patterns were better represented by shortened lengths of stay (see section 2.3) than by adjustments to discharge rates. Consequently, the 1983 discharge rates were used.

The population estimates shown in column B of exhibit 2-2 were provided by the Las Vegas outpatient clinic. Populations for 1990 were used instead of the target occupancy date of 1991, since the 1990 data were readily available. It should be noted that the population estimates are for Clark County, Nevada (which contains Las Vegas), not the larger catchment area defined by the VA for a Las Vegas facility. However, nearly 90 percent of the catchment area population resides in Clark County. The additional demand on Nellis created by the more distant ten percent of the population is expected to be negligible.

For perspective, the veteran population to be served by USAF Hospital Nellis was compared to veteran populations in other states. As shown in exhibit 2-3, Nevada has a relatively small number of veterans; only ten states and the District of Columbia have fewer veteran residents. However, the total Nevada population is small, and in terms of veterans per civilian population Nevada has the largest ratio of any of the 50 states. This is shown in exhibit 2-4.

EXHIBIT 2-3: DISTRIBUTION OF VETERANS BY STATE



-- Continued --

EXHIBIT 2-3: DISTRIBUTION OF VETERANS BY STATE
(Concluded)

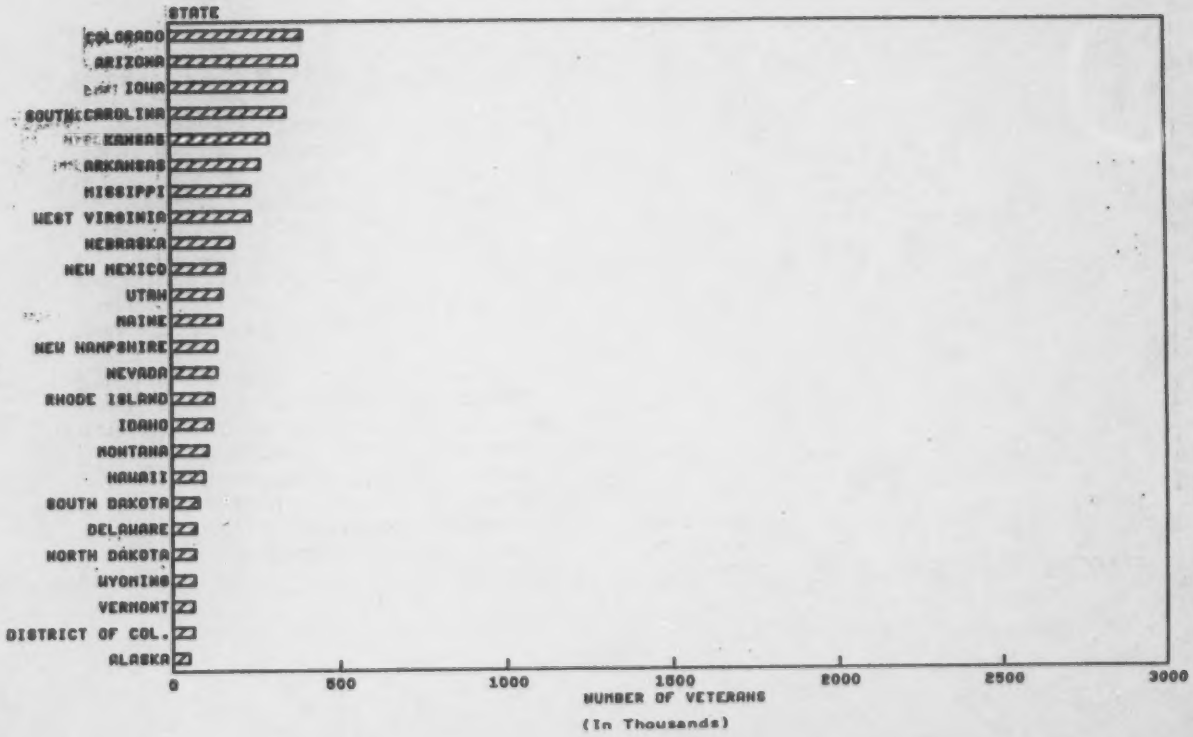
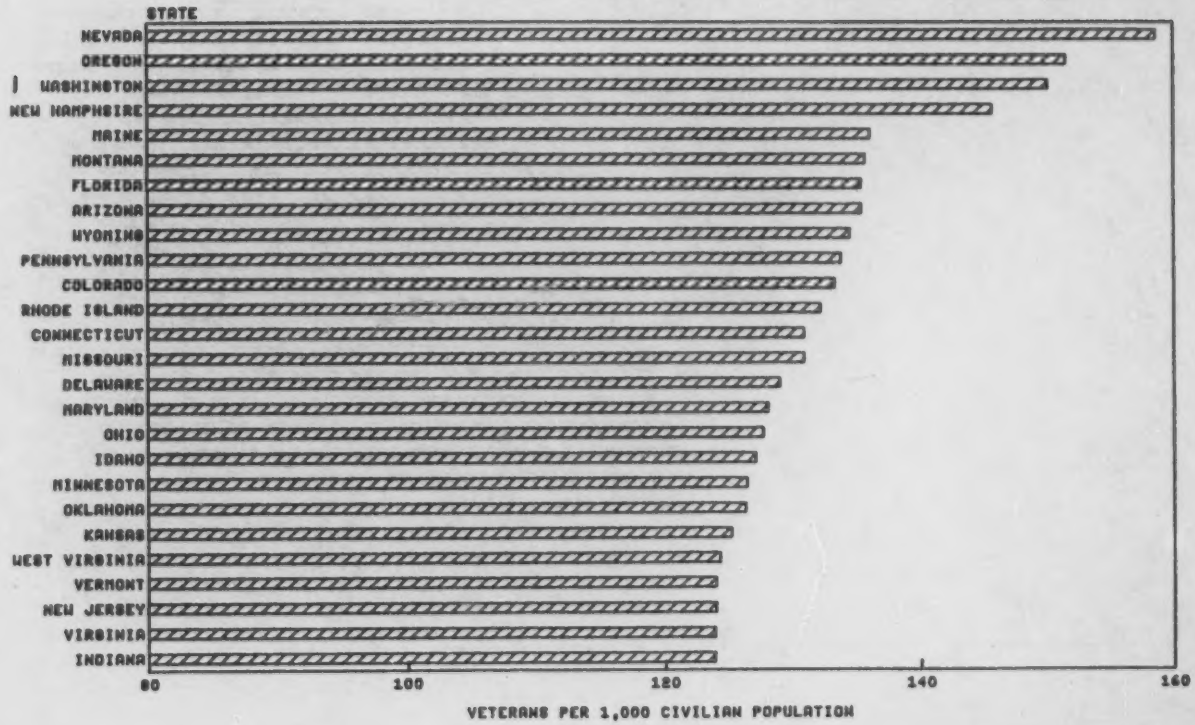
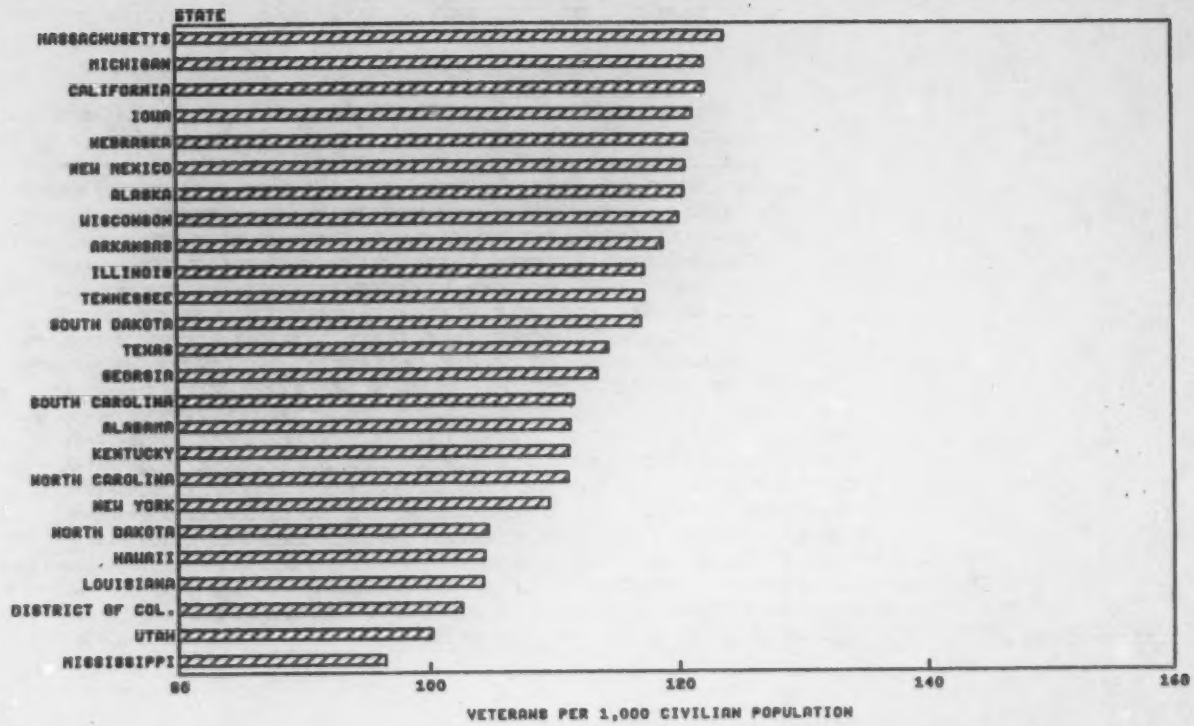


EXHIBIT 2-4: NUMBER OF VETERANS PER CIVILIAN POPULATION



-- Continued --

EXHIBIT 2-4: NUMBER OF VETERANS PER CIVILIAN POPULATION
(Concluded)



Step 2 in estimating veteran discharges was to determine the percent of patients admitted for acute medical/surgical care. Acute care was defined as a hospital episode with a length of stay of three weeks or less. As shown in column D of exhibit 2-2, this type of care accounts for 66 percent of all discharges.[1] Multiplication of columns C and D produced the estimated 2,112 discharges.

2.3 VETERAN BED DAY ESTIMATES

Bed days were estimated as the product of discharges and average lengths of stay. These calculations are presented in exhibit 2-5. The projected 15,905 bed days correspond to an average daily inpatient census of 44.[2] Operating at 85 percent occupancy, Nellis would require 52 hospital beds to accommodate this workload.

The lengths of stay used in this analysis were shorter than current national VA rates, as shown in exhibit 2-6.[3] The shorter lengths of stay were used for two reasons: (1) to recognize that Nellis is only likely to satisfy the acute health care requirements of veterans; and (2) to reflect the reported trend in VA Medical Centers and nationwide toward shorter hospital stays. By using the shorter lengths of stay, this analysis produced a conservative estimate of bed requirements.

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[1]Calculated from data in the Veterans Administration 1983 Annual Report, page 183.

[2]Using diagnostic data provided on page 177 of the Veterans Administration 1983 Annual Report, inpatient demand was classified as either medical or surgical. This exercise indicated that the split is approximately 50 percent medical and 50 percent surgical.

[3]The lengths of stay used in this analysis were calculated from data in the Veterans Administration 1983 Annual Report, page 183. They represent the average length of stay within each age group for all medical/surgical inpatient episodes of 3 weeks or less.

EXHIBIT 2-5: ESTIMATION OF VETERAN BED DAYS AT USAF HOSPITAL NELLIS

AGE	ACUTE MED/SURG DISCHARGES (E)	LENGTHS OF STAY (F)	ACUTE MED/SURG BED DAYS (E x F = G)
<25	14	5.4	77
25 - 44	222	6.2	1379
45 - 54	260	7.3	1896
55 - 64	643	7.6	4887
65 - 74	751	7.8	5856
75 - 84	183	8.1	1484
>85	39	8.5	326
ALL	2112	--	15905

2-13

EXHIBIT 2-6: COMPARISON OF LENGTHS OF STAY USED IN THIS ANALYSIS TO NATIONAL RATES[1]

AGE	LOS USED THIS ANALYSIS	1983 VA NATIONAL ALOS	1983 VA NATIONAL MEDIAN LOS	1983 VA NATIONAL SHORT-TERM ALOS
<25	5.4	11.7	5.0	8.1
25 - 44	6.2	13.1	6.2	9.6
45 - 54	7.3	16.9	8.2	12.2
55 - 64	7.6	18.3	9.0	13.0
65 - 74	7.8	21.0	9.7	13.8
75 - 84	8.1	23.7	10.9	15.1
>85	8.5	29.6	11.5	15.6

[1]National rates taken from the Veterans Administration 1983 Annual Report.

2.4 VETERAN OUTPATIENT VISIT ESTIMATES

As discussed in chapter 1.0, the recommendation is for the Las Vegas VA outpatient clinic to continue to provide the majority of outpatient care required by veterans. However, to assure continuity of care, pre- and post-admission clinic visits to Nellis will be necessary for veterans who are hospitalized at the facility. This outpatient workload was estimated by applying the VA nationwide visit to admission ratio of 12:1 to the 2,112 veteran discharges from Nellis, producing an estimate of 25,344 outpatient visits annually.[1]

This estimate is an approximation of projected veteran outpatient workload at Nellis. It may be somewhat overstated, since the average visit to admission ratio of 12:1 includes many visits that never result in an admission. However, this bias is counteracted by the fact that the VA records only one visit for an outpatient who goes to a VA facility, regardless of how many clinics that patient attends during the day.[2] Because the amount of veteran outpatient care to be provided at Nellis is small relative to uniformed service outpatient care (less than ten percent), a more precise estimate of the workload was not considered to be necessary.

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[1]The 12:1 ratio was taken from the 1983 Veterans Administration Summary of Medical Programs.

[2]These clinic stops, which are comparable to what the Air Force defines as visits, are also recorded by the VA, but a nationwide ratio of clinic stops to admissions was not available.

To facilitate development of staffing and sizing requirements (discussed in chapters 4.0 and 5.0), the estimated 25,344 visits were distributed among clinical areas. The national distribution of outpatient workload by type of care was the basis of this allocation.[1] The breakdown of visits is shown in exhibit 2-7.

[1]The national distribution of visits by clinical area was provided by the VA Planning and Statistics Office.

EXHIBIT 2-7: DISTRIBUTION OF VISITS BY CLINICAL AREA[1]

CLINICAL AREA	ANNUAL VISITS
MEDICINE	12,420
ALLERGY	252
NUTRITION	504
DERMATOLOGY	1,524
SURGERY	3,036
ENT	1,776
UROLOGY	1,272
ORTHOPEDICS	2,028
OPHTHALMOLOGY	2,280
EMERGENCY ROOM	252
ALL	25,344

[1]No clinic visits were included in certain clinical areas, such as mental health, since this workload is to be provided at the VA outpatient clinic.

3.0 COST ANALYSIS OF VETERANS ADMINISTRATION HEALTH CARE DELIVERY ALTERNATIVES

In this chapter a cost analysis of VA health care delivery alternatives is presented. The chapter contains three sections. In section 3.1 the results from the cost analysis are summarized, and factors that affect the analysis results are identified. Section 3.2 presents more detailed analysis findings. In section 3.3, rates for VA reimbursement of Air Force operating costs are suggested.

3.1 SUMMARY OF RESULTS

USAF Hospital Nellis has been shown to be a cost-effective source of care for uniformed service beneficiaries.[1] The costs of providing inpatient care at Nellis were estimated to be between 15 and 260 percent less than CHAMPUS costs (with the percentage of savings varying by type of care). Net present value savings from using Nellis in lieu of CHAMPUS were forecasted to be 140 million 1991 dollars (after construction costs) over the 25-year facility life.

An analysis of the costs of VA health care delivery alternatives showed that Nellis is also an economical source for veteran care. USAF Hospital Nellis is more cost-effective than local private hospitals paid on a fee basis. The Nellis 1983 marginal cost per medical bed day was $277 compared to the average fee basis cost of $1000 per medical bed day.

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[1] An Economic Analysis of USAF Hospital Nellis, volume II, chapter 7.

Nellis costs are also comparable to California VAMC costs, as indicated by the following comparison of Nellis marginal and VAMC average costs.[1]

	1983 Cost Per Medical Bed Day	1983 Cost Per Surgical Bed Day
USAF Hospital Nellis	$277	$424
Loma Linda VAMC	$246	$321
West Los Angeles VAMC	$416	$447
Sepulveda VAMC	$339	$396
Long Beach VAMC	$262	$332
San Diego VAMC	$317	$366
Average over 5 VAMCs	$316	$372

Thus, on a marginal cost basis, Nellis is an economical source of veteran care. However, the determination of whether the joint venture at Nellis will save or cost the VA money depends on how much care the VA decides to provide to Las Vegas veterans. If the VA opts to provide only ten or twenty percent of the health care demand, then the joint venture is not likely to save money since this level of care could be handled at California VAMCs. If instead the VA is interested in satisfying 100 percent of the veteran demand for acute medical/surgical care, then the joint venture can achieve annual savings of up to 16.1 million 1991 dollars (120.8 million 1991 dollars amortized over the 25-year facility life).

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[1]VAMC average costs were taken from the 1983 Veterans Administration Summary of Medical Programs.

VA savings were estimated for various other scenarios, and the results are presented in section 3.2. A single estimate of VA savings cannot be reported since the estimate depends on the amount of care to be provided to Las Vegas veterans. Instead, estimates are reported for a range of workload levels. These data can be used by the VA in planning methods for health care delivery to Las Vegas veterans.

3.2 DETAILED COST ANALYSIS FINDINGS

The cost analysis of VA health care delivery alternatives was designed to answer three consecutive questions. First, what would it cost the VA to provide acute medical/surgical care to Las Vegas veterans without the Nellis joint venture? Second, what would it cost the VA to provide the same care through the Nellis joint venture? Finally, combining information from the first two questions, what would be the savings or costs to the VA of the joint venture? The answers to each question are presented below.

VA Costs Without Nellis Joint Venture

Without a joint venture at USAF Hospital Nellis, the VA has two alternatives for providing inpatient care to veterans. The VA can either send patients to California VAMCs or purchase care from local private hospitals on a fee basis.[1] Bed availability in California VAMCs is limited; the VA Western Region estimates that currently these VAMCs can

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[1]The VA also provides a small amount of inpatient care (roughly $100,000 worth in 1982) through the Civilian Health and Medical Program for the Veterans Administration (funded through the VA Central Office).

handle only 15 to 20 Las Vegas veterans daily.[1] This estimate includes long-term medical/surgical and psychiatric care, so the number of acute medical/surgical inpatients that can be cared for daily is probably closer to 5 or 10. Consequently, there are constraints on the VA's ability to utilize California facilities for Las Vegas veterans, and fee basis care is the available alternative.

The costs of providing care through these two alternatives were estimated, and the results are presented in 3-1. The exhibit shows the costs of supplying 100 percent of the total demand for acute medical/surgical care (15,905 bed days annually), as well as the costs of providing only certain percentages of this demand. The exhibit also shows VA costs given four different usage rates for California VAMCs.[2]

The estimates in exhibit 3-1 were obtained as follows. First, the bed days to be provided (second column of the exhibit) were distributed between California VAMCs and fee basis care. The number of VAMC bed days (VADAYS) was calculated as the average daily inpatient census of Las Vegas veterans in VAMCs multiplied by 365 days in a year. The number of fee basis days (FBDAYS) was calculated as total bed days (from column two) minus VADAYS. Second, the cost of the VADAYS was estimated as:

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[1]This estimate is supported by referral data received from the Las Vegas VA outpatient clinic. In a recent 12-month period, 725 patients were referred to the California VAMCs for care. Assuming that the 725 referrals all received inpatient care and that each patient required a ten-day hospital stay (the national median length of stay in 1983), then the average daily inpatient census of Las Vegas veterans in California VAMCs was 20.

[2]Note that costs decrease as more care is provided in VAMCs, since the VAMCs are more economical than Las Vegas civilian hospitals.

3-5

EXHIBIT 3-1: ANNUAL VA COSTS WITHOUT NELLIS JOINT VENTURE
(In Millions of 1991 Dollars)

MEDICAL/SURGICAL CARE PROVIDED TO LAS VEGAS VETERANS		AVERAGE DAILY INPATIENT CENSUS OF LAS VEGAS VETERANS IN VAMCs (remainder of veterans treated on fee basis)			
Percent of Total Demand	Bed Days	0	5	10	15
100	15,905	$26.3	$24.2	$22.1	$20.0
90	14,315	$23.7	$21.6	$19.4	$17.3
80	12,724	$21.1	$18.9	$16.8	$14.7
70	11,134	$18.4	$16.3	$14.2	$12.0
60	9,543	$15.8	$13.7	$11.5	$ 9.4
50	7,952	$13.2	$11.0	$ 8.9	$ 6.8
40	6,362	$10.5	$ 8.4	$ 6.3	$ 4.2
32	5,090	$ 8.4	$ 6.3	$ 4.2	$ 2.7
30	4,772	$ 7.9	$ 5.8	$ 3.6	N/A
20	3,181	$ 5.3	$ 3.1	N/A	N/A
10	1,590	$ 2.6	N/A	N/A	N/A

N/A = not applicable since the percent of care provided does not require this level of California VAMC utilization.

$$VA\$ = \$246 \times \frac{VADAYS}{2} + \$321 \times \frac{VADAYS}{2} + \$100 \times \frac{VADAYS}{ALOS},$$

where

$246 = the 1983 cost of a medical day of care at Loma Linda;[1]

$321 = the 1983 cost of a surgical day of care at Loma Linda;

$\frac{VADAYS}{2}$ = the number of medical days provided at VAMCs, as well as the number of surgical days provided at VAMCs;[2]

$100 = an estimate of the cost of transporting a veteran between Las Vegas and California VAMCs; and

$\frac{VADAYS}{ALOS}$ = the number of veterans transported to California VAMCs, where ALOS is average length of stay.

Third, the cost of FBDAYS was estimated as:

$$FB\$ = \$1000 \times FBDAYS,$$

where

$1000 = the reported 1983 fee basis cost of both a medical day and a surgical day of care.[3]

Finally, total cost in 1991 dollars was computed as:

$$TOT\$ = (VA\$ + FB\$) \times (1.065)^8;$$

where

1.065 = the annual inflation rate based on recent data in the consumer price index for hospital rooms.

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[1]Loma Linda costs are the lowest of the five California VAMCs, so these cost estimates are conservative.

[2]As stated in section 2.3, half of the inpatient acute medical/surgical care is medical and half is surgical.

[3]This cost is comparable to the average CHAMPUS costs in the area, which were $1,060 for a medical day and $1,490 for a surgical day in 1983.

Exhibit 3-1 indicates that supplying 100 percent of the acute medical/surgical health care demand will cost the VA between 20.0 and 26.3 million 1991 dollars annually, depending on the amount of care provided at VAMCs. The present value of this amount over a 25-year period (the expected life of the Nellis facility) is between 150 and 197.3 million 1991 dollars.[1] In contrast, if the VA satisfies 32 percent of the demand (the national average percentage of service-connected care), annual costs decrease to between 2.7 and 8.4 million 1991 dollars.

VA Costs With Nellis Joint Venture

Exhibit 3-2 displays annual VA costs of providing various levels of veteran care through the Nellis joint venture. In calculating these costs, it was assumed that the VA would construct sufficient facilities at Nellis to satisfy the total 15,905 bed day demand, so the construction costs are constant across workload levels. However, the exhibit shows the change in operating costs that occur if the VA decides to provide some portion of the total demand.

Operating costs were estimated as:

$$OP\$ = \$277 \times \frac{BED\ DAYS}{2} + \$424 \times \frac{BED\ DAYS}{2} \times (1.057)^8,$$

where

\$277 = the 1983 cost of a medical day of care at Nellis;

\$424 = the 1983 cost of a surgical day of care at Nellis;

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[1]All costs presented in this report were calculated using a ten percent real discount rate, as dictated by the Air Force. Had a lower rate been used, the equal annual construction payments for the joint venture, shown in exhibit 3-2, would be lower (\$0.9 million at a five percent discount rate compared to \$1.5 million at a ten percent discount rate). Thus, use of a lower rate would cause the joint venture solution to be more cost-effective than is shown in this report.

EXHIBIT 3-2: ANNUAL VA COSTS WITH NELLIS JOINT VENTURE
(In Millions of 1991 Dollars)

MEDICAL/SURGICAL CARE PROVIDED TO LAS VEGAS VETERANS		COSTS THROUGH NELLIS JOINT VENTURE		
Percent of Total Demand	Bed Days	Operating Costs	Construction Costs	Total Costs
100	15,905	$8.7	$1.5	$10.2
90	14,315	$7.8	$1.5	$ 9.3
80	12,724	$7.0	$1.5	$ 8.5
70	11,134	$6.1	$1.5	$ 7.6
60	9,543	$5.2	$1.5	$ 6.7
50	7,952	$4.3	$1.5	$ 5.8
40	6,362	$3.5	$1.5	$ 5.0
32	5,090	$2.8	$1.5	$ 4.3
30	4,772	$2.6	$1.5	$ 4.1
20	3,181	$1.7	$1.5	$ 3.2
10	1,590	$0.9	$1.5	$ 2.4

N/A = not applicable since the percent of care provided does not require this level of California VAMC utilization.

$\frac{\text{BED DAYS}}{2}$ = the number of medical days to be provided, as well as the number of surgical days; and

1.057 = the annual inflation rate for Nellis costs, developed from Air Force policies for personnel costs and the consumer price index for hospital rooms.

The construction cost estimate in exhibit 3-2 was developed as discussed in section 5.3. The total costs shown in exhibit 3-2 are the sum of operating and construction costs, and range from 2.4 to 10.2 million 1991 dollars annually.

VA Savings Achieved Through the Joint Venture

Using the above information, VA savings associated with the recommended joint venture were estimated. An analysis was done of two scenarios that were defined in terms of the proportion of veteran demand to be satisfied given that the VA entered into the recommended joint venture. The two scenarios were defined as follows:

- In scenario A it was assumed that the VA could agree to the recommended joint venture but opt to provide less than 100 percent of the total demand for acute medical/surgical care.
- In scenario B it was assumed that if the VA agreed to the joint venture, then it would be obligated to satisfy 100 percent of the total demand.

The cost-effectiveness of the joint venture in both scenarios was examined.

3-10

In scenario A, VA savings achieved through the joint venture were estimated by subtracting VA costs with Nellis (exhibit 3-2) from VA costs without Nellis (exhibit 3-1). The results are shown in exhibit 3-3. The net result ranges from VA savings of 16.1 million 1991 dollars annually to costs of 1.6 million 1991 dollars. If the VA opts to satisfy 50 percent or more of the demand for acute medical/surgical care, it can save money by using Nellis. Even if the VA satisfies a smaller percentage of the demand, Nellis may save the VA money depending on how much care is handled in California VAMCs.

In scenario B, the VA must supply 100 percent of demand if it enters into the joint venture. The joint venture cost in this situation is estimated at 10.2 million 1991 dollars annually (from the first row of exhibit 3-2). However, without the joint venture the VA could still opt to provide less than 100 percent of the total demand, and the costs of these options are shown in exhibit 3-1. The net savings to the VA in scenario B was thus calculated by subtracting 10.2 million 1991 dollars from the estimates in exhibit 3-1, and the results are presented in exhibit 3-4.

The results in scenario B are not as favorable as in scenario A, since scenario B assumes that the joint venture obligates the VA to satisfy 100 percent of the demand. However, even in scenario B the joint venture can save the VA money. As exhibit 3-4 shows, the joint venture saves money if the VA decides to provide 70 percent or more of the veteran health care demand. If the VA decides to provide 40 to 70 percent of demand, then the joint venture may or may not save money,

3-11

EXHIBIT 3-3: ANNUAL VA SAVINGS FROM JOINT VENTURE UNDER SCENARIO A
(In Millions of 1991 Dollars)

MEDICAL/SURGICAL CARE PROVIDED TO LAS VEGAS VETERANS		AVERAGE DAILY INPATIENT CENSUS OF LAS VEGAS VETERANS in VAMCs WITHOUT NELLIS JOINT VENTURE			
Percent of Total Demand	Bed Days	0	5	10	5
100	15,905	$16.1	$14.0	$11.9	$ 9.8
90	14,315	$14.4	$12.3	$10.1	$ 8.0
80	12,724	$12.6	$10.4	$ 8.3	$ 6.2
70	11,134	$10.8	$ 8.7	$ 6.6	$ 4.4
60	9,543	$ 9.1	$ 7.0	$ 4.8	$ 2.7
50	7,952	$ 7.4	$ 5.2	$ 3.1	$ 1.0
40	6,362	$ 5.5	$ 3.4	$ 1.3	$-0.8
32	5,090	$ 4.1	$ 2.0	$-0.1	$-1.6
30	4,772	$ 3.8	$ 1.7	$-0.5	N/A
20	3,181	$ 2.1	$-0.1	N/A	N/A
10	1,590	$ 0.2	N/A	N/A	N/A

N/A = not applicable since the percent of care provided does not require this level of California VAMC utilization.

3-12

EXHIBIT 3-4: ANNUAL VA SAVINGS FROM JOINT VENTURE UNDER SCENARIO B (In Millions of 1991 Dollars)

CARE PROVIDED TO LAS VEGAS VETERANS WITHOUT JOINT VENTURE		AVERAGE DAILY INPATIENT CENSUS OF LAS VEGAS VETERANS IN VAMCs WITHOUT NELLIS JOINT VENTURE			
Percent of Total Demand	Bed Days	0	5	10	15
100	15,905	$16.1	$14.0	$11.9	$ 9.8
90	14,315	$13.5	$11.4	$ 9.2	$ 7.1
80	12,724	$10.9	$ 8.7	$ 6.6	$ 4.5
70	11,134	$ 8.2	$ 6.1	$ 4.0	$ 1.8
60	9,543	$ 5.6	$ 3.5	$ 1.3	$-0.8
50	7,952	$ 3.0	$ 0.8	$-1.3	$-3.4
40	6,362	$ 0.3	$-1.8	$-3.9	$-6.0
32	5,090	$-1.8	$-3.9	$-6.0	$-7.5
30	4,772	$-2.3	$-4.4	$-6.6	N/A
20	3,181	$-4.9	$-7.1	N/A	N/A
10	1,590	$-7.6	N/A	N/A	N/A

N/A = not applicable since the percent of care provided does not require this level of California VAMC utilization.

depending on how much care is provided at California VAMCs. If the VA opts to provide less than 40 percent of the health care requirements of Las Vegas veterans, then the Nellis joint venture will cost the VA between 1.8 and 7.6 million 1991 dollars annually. Again, it must be emphasized that in this scenario the joint venture option provides an increase in veteran benefits beyond what is provided without the joint venture.

The data presented in this section demonstrate that the recommended joint venture can result in savings for the VA in both scenarios A and B. However, the numbers discussed only address economic issues. The joint venture will also provide a more attractive health care delivery alternative than currently exists in Las Vegas, and in scenario B the joint venture represents an increase in benefits. These features should be factored into the evaluation of the recommended joint venture along with economic considerations.

3.3 REIMBURSEMENT RATES

Rates by which the VA can reimburse the Air Force for operating costs were developed from the cost models documented in the Nellis economic analysis report.[1] These models provided estimates of the marginal cost per day and the marginal cost per visit at medium-sized Air Force hospitals. Air Force 1983 marginal costs were estimated as:

	$/Bed Day	$/Visit
MEDICAL:	$277	$48
SURGICAL:	$424	$44

[1] An Economic Analysis of USAF Hospital Nellis, volume II, chapter 7 and appendix E.

These marginal rates do not include the fixed costs of opening services, which are costs that could be assumed by the Air Force (they are costs that the Air Force would experience with or without the joint venture).

The marginal costs provide the basis for reimbursement rates. However, three adjustments may be warranted. First, it will be necessary to inflate these costs. The Air Force-forecasted annual inflation rate of 5.7 percent can be used for this purpose. Second, if the VA supplies physicians to the Nellis staff (see the discussion in section 4.2), then the costs should be adjusted downward as agreed upon by the VA and the Air Force. Finally, if the VA negotiates an agreement with the Air Force to pay the VA-portion of construction costs over time (see the discussion in section 5.3), then the costs must be adjusted upward. Marginal construction costs have been estimated as a percentage of operating costs for this purpose, and the analysis showed an upward adjustment of 18 percent to be appropriate for the Las Vegas area.[1]

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[1]MCP Construction Cost Function, Vector Research, Incorporated, 28 March 1985.

4.0 STAFFING REQUIREMENTS FOR A JOINT VENTURE AT USAF HOSPITAL NELLIS

This chapter presents the staffing requirements for the recommended joint venture at USAF Hospital Nellis. The number and type of staff are described in section 4.1. Alternatives for utilizing Air Force and VA personnel to staff the facility are subsequently discussed in section 4.2.

4.1 STAFFING REQUIREMENTS

Staffing requirements were produced for this analysis by the Office of the Air Force Surgeon General. The requirements were obtained by applying US Air Force staffing policies to the projected workloads at USAF Hospital Nellis. These requirements have been provided to the VA Office of the Assistant Chief Medical Director for review.

The personnel requirements (head counts, not full-time employee equivalence) for the joint venture solution are presented in exhibit 4-1. For comparison, staffing for USAF Hospital Nellis without VA participation as well as the staffing increase associated with the VA workload are also shown. As shown in the exhibit, a total staff of 819 people will be needed for the joint venture solution.[1] This is an increase of 150 personnel or approximately 20 percent over the staff for a Nellis hospital without VA participation.

The mix of staff (head counts, not FTEE) required at Nellis is presented in exhibits 4-2 and 4-3. Physician requirements are specified by

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[1] This number does not include VA personnel who may be needed at Nellis to reconcile eligibility issues and counsel veterans about benefits.

4-2

EXHIBIT 4-1: STAFFING REQUIREMENTS
(Head Counts, Not FTEE)

STAFF	NELLIS WITH VA JOINT VENTURE	NELLIS WITHOUT VA JOINT VENTURE	INCREASE
PHYSICIANS	67	58	9
OTHER PROVIDERS	27	24	3
SUPPORT PERSONNEL	725	587	138
TOTAL	819	669	150

4-3

EXHIBIT 4-2: PHYSICIAN REQUIREMENTS
(Head Counts, Not FTEE)

FUNCTIONAL AREA	MDs WITHOUT VA JOINT VENTURE	INCREASE IN MDs FOR VA INVOLVEMENT	TOTAL MDs FOR JOINT VENTURE
Primary Care/ Family Practice	10	0	10
Allergy	1	0	1
Dermatology	1	0	1
Internal Medicine	6	3	9[1]
Medical Services	1	0	1
Pediatrics	6	0	6
Mental Health	2	0	2
OB/Gyn	5	0	5
Ophthalmology/ Optometry	1	1	2
Orthopedics	2	1	3
ENT	1	0	1
Surgery	4	1	5
Surgical Services	1	0	1
Anesthesiology	2	1	3
Urology	1	1	2
Aeromedical Services	8	0	8
Hospital Commander	1	0	1
Chief of Hospital Services	1	0	1
Radiology	2	1	3
Pathology	2	0	2
TOTAL	58	9	67

[1] Includes a cardiologist, a gastroenterologist, a pulmonary physician, and an oncologist.

4-4

EXHIBIT 4-3: TOTAL STAFF REQUIREMENTS
(Head Counts, Not FTEE)

USAF WORK CENTER	STAFF WITHOUT VA JOINT VENTURE	INCREASE IN STAFF FOR VA INVOLVEMENT	TOTAL STAFF FOR JOINT VENTURE
Command	17	3	20
Material	20	2	22
Linen	3	2	5
Food Service	30	10	40
Patient Affairs	21	3	24
Word Processing	4	1	5
Outpatient Records	19	Ø	19
Inpatient Records	4	1	5
Central Appointment	7	Ø	7
Resource Management	10	2	12
Hospital Services	3	1	4
Radiology	18	7	25
Histopathology	7	1	8
Pathology Laboratory	31	9	40
Nursing Services	6	2	8
Medical/Surgical Nursing	69	57	126

-- Continued --

EXHIBIT 4-3: TOTAL STAFF REQUIREMENTS
(Head Counts, Not FTEE)
(Continued)

USAF WORK CENTER	STAFF WITHOUT VA JOINT VENTURE	INCREASE IN STAFF FOR VA INVOLVEMENT	TOTAL STAFF FOR JOINT VENTURE
Obstetrical Nursing	40	0	40
Pharmacy	26	5	31
Department of Medicine	3	0	3
Internal Medicine Clinic	12	6	18
Cardiology/ Pulmonary Lab	8	4	12
Pediatrics	14	0	14
Neurology	2	0	2
Dermatology	2	1	3
Mental Health	13	0	13
Allergy	4	0	4
Emergency Medicine	24	0	24
Primary Care/ Family Practice	26	2	28
Department of Surgery	3	1	4
Urology	2	2	4
General Surgery	10	2	12
Ophthalmology/ Optometry	4	4	8
ENT	2	1	3
Obstetrical Clinic	21	Ø	21

-- Continued --

4-6

EXHIBIT 4-3: TOTAL STAFF REQUIREMENTS
(Head Counts, Not FTEE)
(Concluded)

USAF WORK CENTER	STAFF WITHOUT VA JOINT VENTURE	INCREASE IN STAFF FOR VA INVOLVEMENT	TOTAL STAFF FOR JOINT VENTURE
Orthopedic Clinic	8	2	10
Surgical Suite	29	17	46
Central Sterile Supply	3	1	4
Physical Therapy	12	1	13
Aeromedical Services	25	0	25
Biomedical Engineering	12	0	12
Environmental Medicine	13	0	13
Dental Service	82	0	82
TOTAL	669	150	819

Air Force functional area in exhibit 4-2. The distribution of total staff across Air Force work centers is shown in exhibit 4-3.

4.2 ALTERNATIVES FOR STAFFING THE NELLIS FACILITY

The recommended solution described in this report is based on the assumption that Air Force personnel will be used to staff USAF Hospital Nellis. This approach was taken since it does not require the VA to commit staff from its outpatient clinic to Nellis or to assign additional personnel to the Las Vegas area. The reimbursement rates suggested in section 3.3 include the cost of Air Force staffing, and the facility specifications presented in section 5.1 include office space for a physician staff comprised totally of Air Force doctors.

However, a viable alternative is to supplement the Air Force staff with physicians from the VA clinic, thus reducing the number of Air Force doctors assigned to Nellis. This approach has several attractive features. First, it would allow VA doctors to follow their patients through hospitalization, rather than referring patients to Air Force physicians when inpatient treatment is required. In addition, the VA might be able to supply specialists for Nellis that the Air Force cannot. In return, VA reimbursement rates for operating costs would be lower. Such benefits, of course, are dependent on the particular resources available at the VA clinic and at Nellis, and the potential for VA physicians to work at Nellis will change as staff availability varies. Appropriate arrangements should be negotiated as opportunities present themselves.

In addition, supplementing the Air Force staff with civilian employees may be necessary at times over the 25-year facility life. The

impact of civilian employees on Nellis costs has not been quantified in this analysis; however, data that will support such an analysis will become available over the next year as a DoD demonstration project is instituted at USAF Hospital Nellis.

5.0 CONSTRUCTION REQUIREMENTS FOR A JOINT VENTURE AT USAF HOSPITAL NELLIS

This chapter describes the construction requirements for the recommended joint venture at USAF Hospital Nellis. Section 5.1 presents the program for design, which identifies square footage requirements in each functional area of the facility. A site plan for the proposed facility is provided in section 5.2. In section 5.3, the cost of constructing the Nellis facility is estimated.

5.1 PROGRAM FOR DESIGN

The program for design for the recommended joint venture at USAF Hospital Nellis was obtained by operating the Air Force facility planning model. This model is an automated program that calculates square footage requirements from workloads, staffing, and other related inputs. The model output for the joint venture at Nellis has been provided to the VA Project Management Service for review.

A summary of the program for design is provided in exhibit 5-1. This exhibit shows net square footage requirements by functional area for the joint venture at Nellis. For comparative purposes, the exhibit also shows space requirements for USAF Hospital Nellis without VA participation and the increase in space related to VA workload. Overall, the space requirement increased 13 percent, from approximately 180,000 to 203,000 net square feet. The greatest increases were in nursing services, clinics, food service, and medical logistics.

The complete program for design is contained in appendix A, along with the inputs to the facility planning model. The program provides

EXHIBIT 5-1: NET SQUARE FOOTAGE REQUIREMENTS

FUNCTIONAL AREA	NELLIS WITH VA JOINT VENTURE	NELLIS WITHOUT VA JOINT VENTURE	INCREASE
NURSING SERVICES	31910	22935	8975
SURGICAL SERVICES	8750	8400	350
OBSTETRICAL SERVICES	5185	5185	0
PATIENT WELFARE	1785	1785	0
FOOD SERVICE	12695	9590	3105
AIR FORCE CLINIC	61935	57135[1]	4800
DENTAL	15490	15490	0
PHARMACY	7330	7050	280
RADIOLOGY	9940	8860	1080
PATHOLOGY	6265	6195	70
PHYSICAL THERAPY	4195	4195	0
ADMINISTRATION	8380	7140	1240
MEDICAL LOGISTICS	26620	23610	3010
CENTRAL STERILE	2445	2050	395
SUPPORT SYSTEMS	400	400	0
TOTAL	203325	180020[1]	23305

[1]Two hundred twenty net square feet included here are attributable to a programming change in the Air Force facility planning model, and they are not shown in An Economic Analysis of USAF Hospital Nellis, Volume II, exhibit C-10 starting on page C-112.

detailed facility specifications within each functional area. A comparable program for design for the Nellis facility without VA involvement is available in the Nellis economic analysis report.[1]

One amendment to the program for design is recommended. An addition of 560 net square feet should be incorporated into the program for VA administrative and liaison offices. The recommended space program for such an area is as follows:

Activity	Rooms	SF	NSF
Liaison Officer	1	100	100
Secretary/Reception/Waiting	1	120	120
Cashier	1	85	85
Clerical	1	255	255
(Liaison Clerks - 2)			
(Scheduling and Travel - 1)			
Total NSF			560

While this area is not included in the program for design generated by the facility planning model, it has been considered in the estimation of construction costs.

5.2 SITE PLAN

The recommended site for the joint venture at USAF Hospital Nellis is the same site proposed in the Nellis economic analysis report for the Nellis facility without VA involvement. Since the majority of the space increase for the joint venture is in the additional nursing unit, a fourth story will be required on the hospital. However, the footprint originally established for the Nellis facility is still applicable.

Exhibit 5-2 displays the slightly modified site plan for the joint venture solution. The building footprint has remained the same, with a

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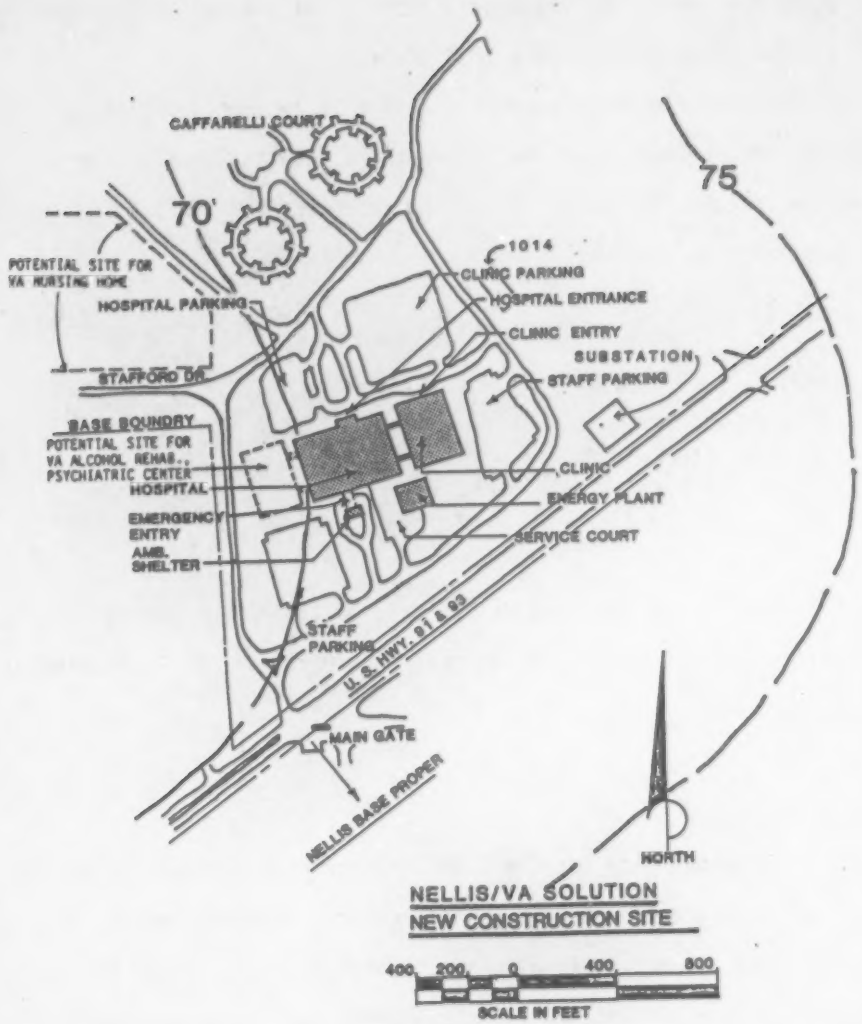
[1] An Economic Analysis of USAF Hospital Nellis, volume II, exhibit C-10 starting on page C-112.

5-4

EXHIBIT 5-2: SITE PLAN



75,000 square foot base for the four-story hospital element and a 50,000 square foot base for a connected two-story clinic element. The requirement for 858 parking spaces has been easily satisfied. The site has been expanded slightly from the original Nellis plan in order to provide room for potential VA construction of a drug and alcohol rehabilitation center and/or psychiatric facility. Exhibit 5-2 also shows that the area directly north of Stafford Drive could serve as the site of a VA nursing home. While these additional VA facilities are not part of the current recommendation, they could be accommodated at the Nellis site if the VA and Air Force approve their construction in the future.

5.3 CONSTRUCTION COSTS

The cost of constructing the recommended Nellis facility was estimated according to Air Force required procedures, as documented in the Nellis economic analysis report.[1] The estimation process is summarized here as a two-step process.

The first step is to convert the net square footage requirements specified in the program for design into departmental gross square footage. Departmental net to gross conversion factors from Sherlock, Smith, and Adams, Incorporated, were used in this step.[2] The calculations are displayed in exhibit 5-3. The second step is to apply square footage costs and cost modifiers to the space requirements. These calculations are presented in exhibits 5-4 and 5-5. The cost factors are the same as those used in the Nellis economic analysis report.

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[1] An Economic Analysis of USAF Hospital Nellis, volume III, chapters 4 and 5.

[2] Departmental net-to-gross ratios are used to provide a more accurate estimate of space requirements than that obtained with a facility-wide net-to-gross ratio. The resulting total of 334,350 is more than the square footage produced in the computer output of appendix A (the

5-6

EXHIBIT 5-3: NET TO GROSS CONVERSION

	Program for Design NSF	SSA N/G Factor	DGSF
Nursing Service			
OB Nursing Unit (17 Beds)	4530	1.6	7248
Med/Surg Nursing Unit (110 Bed)	23245	1.6	37192
ICU/CCU (8 Bed)	3405	1.5	5108
Nursing Service Support	730	1.3	949
Surgical Service (5 ORs)	8750	1.65	14438
OB-Delivery			
Delivery	3605	1.6	5768
Nursery	1580	1.25	1975
Patient Welfare	1785	1.3	2321
Food Service	12695	1.25	15869
Air Force Clinic			
Administration	6195	1.2	7434
Primary Care	8200	1.4	11480
Emergency	1845	1.5	2768
Medical Clinics	8445	1.4	7623
Surgical Clinic	3905	1.4	5467
Urology Clinic	2460	1.4	3444
Orthopedic Clinic	3215	1.4	4501
EENT Clinic	4420	1.4	6188
Pediatric Clinic	4780	1.4	6692
OB-GYN Clinic	5485	1.4	7679
Mental Health Clinic	2210	1.3	2873
Flight Medicine Clinic	4475	1.4	6265
Physical Exam	1120	1.4	1568
BEE	1765	1.3	2295
Environmental Health	1590	1.3	2067
Support	625	1.3	813
Public Toilets	1200	1.2	1440
Dental Clinic	15490	1.5	23235
Pharmacy	7330	1.25	9163
Radiology	9940	1.56	15506
Pathology	6265	1.25	7831
Physical Therapy	4195	1.25	5244
Administration	8380	1.3	10894
VA Administration	560	1.3	728
Logistics	26620	1.15	30613
CSS	2445	1.2	2934
Communication	400	1.1	440
Mechanical	20454	1.3	26590
Main Circulation			30331
TOTAL GSF			334350

5-7

EXHIBIT 5-4: APPLICATION OF SQUARE FOOTAGE COSTS

SPACE TYPE	SF	$/SF	EXPECTED COST
Nursing Service	50497	97.54	$4,925,477.
Surgical Service	14438	139.58	2,015,256.
OB Service	7743	129.12	999,776.
Patient Welfare	2321	84.85	196,937.
Dietary	15869	117.52	1,864,925.
Air Force Clinics	80597	93.15	7,507,611.
Dental Clinic	23235	97.54	2,266,342.
Pharmacy	9163	96.70	886,062.
Radiology	15506	110.38	1,711.552.
Pathology	7831	107.75	843,790.
Physical Therapy	5244	94.20	493,985.
Administration	11622	81.74	949,982.
Medical Logistics	30613	72.14	2,208,422.
CSS	2934	86.85	254,818.
Communication	440	79.70	35,068.
Mechanical	26590	60.65	1,612,684.
Circulation	30331	74.15	2,249,044.
Sub Total			31,021,731.
Telephone System @ 2%			620,435.
Sub Total			31,642,166.
General Contractor & Profit (10%)			3,164,217.
Sub Total			34,806,383.
Area Cost Factor (.17)			5,917,085.
TOTAL CONSTRUCTION			$40,723,468.

5-8

EXHIBIT 5-5: CONSTRUCTION COST SUMMARY

MCP CONSTRUCTION COST SUMMARY NELLIS AIR FORCE BASE HOSPITAL NELLIS/VA - REPLACEMENT	AREA ESCALATION	334,350 23.2	GSF (%)
1) NEW BUILDING CONSTRUCTION	$40,723,468.		
New Construction (Unescalated)			
Escalation	9,488,829.		
Subtotal	50,212,297.		
$/GSF	150.18		
2) RENOVATION	0.		
Renovation (Unescalated)	0.		
Escalation	0.		
Subtotal	0.		
$/GSF	00.0		
3) MEDICAL EQUIPMENT			
Medical Equipment Included in Contract**	4,908.015.		
Escalation	1,138.659.		
Subtotal	6,046,674.		
$/GSF	18.08		
4) BUILDING TOTAL (1+2+3)	56,258,971.		
$/GSF	168.26		
5) SUPPORTING FACILITIES			
Supporting Facilities (Unescalated)	1,662.100.		
Escalation	385,607.		
Subtotal	2,047,707.		
6) TOTAL BUILDING AND SUPPORTING FACILITIES	58,306,678.		
7) CONTINGENCIES			
New Construction (5% 1 Subtotal)	2,510,615.		
Renovation (10% 2 Subtotal)	0.		
Medical Equipment (5% 3 Subtotal)	302,334.		
Subtotal	2,812,949.		
8) TOTAL CONTRACT COST (6 + 7)	61,119,627.		
9) SIOH (5.5% of 8)	3,361,579.		
10) Other 3300 Funded Medical Equipment ***	3,061,541.		
Escalation	710,278.		
Subtotal	3,771,819.		
11) TOTAL PROGRAM COST (8 + 0 + 10)	68,253,025.		
$GSF	204.14		

* Includes a 2% allowance for Telephone System.
** Includes Category A, Category B (labor only), Category E (labor only).
*** Includes Category E (equipment putchase only) and Category F.

The cost summary reflects a total project cost of 68,253,025 in 1989 dollars.[1] This cost was inflated to the target occupancy date of 1991 at a rate of 15 percent annually,[2] resulting in an estimate of 90,264,626 in 1991 dollars. The comparable program cost for a Nellis facility without VA involvement was estimated as 79,375,126 in 1991 dollars. Hence, the inclusion of VA workload at Nellis will result in an increase of 10,889,500 in 1991 dollars, or 14 percent.

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[1] 1989 is the expected midpoint of construction.

[2] The 15 percent includes five percent inflation and a ten percent discount rate, as dictated by the Air Force. Use of a lower discount rate would result in lower construction cost estimates (e.g., $82.6 million at a five percent discount rate compared to $90.3 million at a ten percent discount rate).

APPENDIX A:

FACILITY PLANNING MODEL

INPUTS AND OUTPUTS

INPUTS, PAGE A-1

OUTPUTS, PAGE A-31

A-1

EXHIBIT A-1: INPUTS TO THE AIR FORCE FACILITY PLANNING MODEL

```
*MEDFACIL/EXEC/FPM

Facilities Planning Model (FPM) on 26 Apr 85

Enter following data:
   Base code: 3251
                Nellis AFB, Nevada
   Type code: 25
                          CMF/DC Rpmt
Is ADPE to be utilized in project? Y

The following systems can be provided in facility:
CODE
 1  TRIMIS-CAPOC-U
 2  TRIMIS-CAPOC-OV
 3  TRIMIS-COHP
 4  CARE
 6  TRIMIS-LAB
 7  TRIMIS-PHARM II
 8  TRIMIS-RAD II
 9  TRIMIS-TRIPAD
10  ADPE-PAS
11  ADPE-SMTF
12  UCA/ASDC/DDS
13  Systems unknown

Indicate those systems that will be in facility,
 by entering the code number for those systems
 authorized (to exit hit return only)
 ENTER CODE OF SYSTEM: 1
 ENTER CODE OF SYSTEM: 3
 ENTER CODE OF SYSTEM: 4
 ENTER CODE OF SYSTEM: 6
 ENTER CODE OF SYSTEM: 7
 ENTER CODE OF SYSTEM: 10
 ENTER CODE OF SYSTEM: 12
 ENTER CODE OF SYSTEM:

The following systems have been selected:
CODE
 1  TRIMIS-CAPOC-U
 3  TRIMIS-COHP
 4  CARE
 6  TRIMIS-LAB
 7  TRIMIS-PHARM II
10  ADPE-PAS
12  UCA/ASDC/DDS

Is facility authorized any more of the allowed systems? N
Do you wish to change your inputs? N
```

You have implied the following sections:

Nursing Services
Surgical Services
Obstetrical Services
Patient Welfare
Food Service
Air Force Clinic
Dental
Pharmacy
Radiology
Pathology
Physical Therapy
Administration
Medical Logistics
Central Sterile
Support Systems

Is this sufficient? Y
This facility or section will be programed as part of a Base Hospital

NURSING SERVICES SECTION (03), 6 Dec 83 version.

Does this facility have the following missions,
as validated by SGSF:
Mobilization (bed expansion)? N
Teaching? N

Section 1 - Input bed requirements by clinical service

Obstetrical: 17
Medical/Surgical
(Include Special Care Beds): 118
Pediatric: 0
Psychiatric: 0
Light Care: 0
Alcohol Rehab: 0

Total bed requirement entered: 135

Do you wish to re-enter beds? N

A-3

Section 2 - Bed Distribution by Nursing Category.

Category	Number of Beds
1 Obstetrical	17
2 Medical/Surgical	110
3 Pediatric	
4 Psychiatric	
5 Light Care	
6 Alcohol Rehab	
11 Close Observation	
12 Combined ICU & CCU	8
13 CCU	
14 ICU	
15 Medical ICU	
16 Surgical ICU	
Total:	135

NOTE: The small numbers of beds in one or more of the above categories will create entire nursing units for relatively small numbers of beds. Suggest you consider lumping small categories in with larger ones.

Do you wish to modify the above distribution? N

Section 3 - Nursing Unit Computation.

Service	Total Beds	Number of Units	Average Beds per Nursing Unit
1 Obstatrical	17	1	17.0
2 Medical/Surgical	110	3	36.7
12 Combined ICU & CCU	8	1	8.0

Do you wish to change any nursing unit? N

Section 4 - Determine bed distribution by bedroom type.

Obstetrical

Beds available for allocation (excluding isolation, seclusion, and special care) = 15

Type	Number Bedrooms	Number of Beds	Percent (approx.)	Criterion
Quad	1	4	27	25% minimum
Double	4	8	53	65% maximum
Single	3	3	20	10% to 15%
Isolation	2	2		
Total:		17		

Do you wish to modify this distribution? N

Medical/Surgical

Beds available for allocation (excluding isolation, seclusion, and special care) = 103

Type	Number Bedrooms	Number of Beds	Percent (approx.)	Criterion
Quad	7	28	27	25% minimum
Double	32	64	62	65% maximum
Single	11	11	11	10% to 15%
Isolation	6	6		
Seclusion	1	1		
Total:		110		

Do you wish to modify this distribution? N

Combined ICU & CCU

Isolation	1
Single	7
Total	8

Do you wish to change this allocation? N

Percentage bed allocations for entire facility:

Ward	32	27%	25% minimum
Double	72	61%	65% maximum
Single	14	11%	10% to 15%
Total	118 beds available for allocation.		

(REMINDER: Above computation excludes Isolation, Seclusion, and Special Care beds.)

Do you wish to reaccomplish Section 4? N

Do you wish to reaccomplish any section? N
Is (are) the Nursing Supervisor Office(s) to be located in this section (as opposed to Administration)? N

Enter total number of staff for each of the following services.
(NOTE: When prompted, you may simply press RETURN and FPM will default to 100 SF locker rooms.)
Obstetrical: 40
Medical/Surgical: 126

SURGICAL SERVICE SECTION (0400)
****

Note: Outpatient surgery not included in this version.

Enter the number of staff of each of the following specialties:

General Surgeons: 6
Urologists: 2
Orthopedists: 3
Neurosurgeons: 0
Thoracic Surgeons: 0
Cardio-Vascular Surg: 0
Otolaryngologists: 1
Anesthesiologists: 3
Anesthetists: 7

You have entered the following data:

1	General Surgeons	6
2	Urologists	2
3	Orthopedists	3
4	Neurosurgeons	0
5	Thoracic Surgeons	0
6	Cardio-Vascular Surg	0
7	Otolaryngologists	1
8	Anesthesiologists	3
9	Anesthetists	7
	Total	22

Do you wish to change your inputs? N

Do you wish to use surgical workload or beds
for calculating operating rooms (Enter W or B)? B

You have implied the following OR distribution.

Type	Description	Quantity
1	General	2
2	Cysto	1
3	Orthopedic	1
4	Neuro	0
5	Thoracic-CV	0
6	Otolaryn	1

Capacity (Pat/yr): 2444 Tot: 5

Do you want to revise distributions? N

OBSTETRICAL SERVICES SECTION (0500)
****

Deliveries per year? 972

Category Code	Max. Deliveries per Month	Labor Rooms	Delivery Rooms	
1	20	2	1	
2	40	3	2	
3	83	4	2	(- You are here: 81 Del/Mo
4	170	5	3	
5	225	6	4	
6	295	7	4	

Do you wish to change deliveries per year input(!) or

```
r number of male delivery personnel: 5
r number of female delivery personnel: 5
ou wish to change your inputs? N

r net number of transfers received for each category:
 Intermediate= 0
 Maximal= 0

you wish to change your inputs? N

tegory          Number of Bassinets
--------        -------------------

imal              12

termediate         6

ximal              0


otal              18

you wish to change number of bassinets? Y

ter New Distribution:
Minimal= 12
Intermediate= 4
Maximal= 1

tegory          Number of Bassinets
--------        -------------------

imal              12

rmediate           4

imal               1


al                17

ou wish to change number of bassinets? N
```

PATIENT WELFARE SECTION (06), 6 DEC 83 version.

Enter the following information

Number of Full Time Red Cross Volunteers: 2
Is a Red Cross Secretary Authorized? N

Does AAFEES authorize the following services:
Retail Store? N
Barber Shop? N
Beauty Shop? N

Number of Full Time Chaplains assigned to hosp.: 1
Number of Admin. personnel assigned to Chaplain: 0

Do you want to change any of the above data? N

FOOD SERVICES SECTION (07), 6 DEC 83 version.

If only a return is pressed when data is
to be entered, a value of zero will be
assumed in all cases unless otherwised
stated.

Is this to be a full service Food Service? Y

Enter The Following Workload Data

Average Peak Meals Served - Cafeteria: 300
Average Peak Meals Served - Patient Trays: 108
Average Daily Peak Rations Served: 208
Total Food Service Personnel: 40
Clinical Dietetics Personnel: 1
Dietetic Interns Assigned: 0
Is a Secretary authorized in this facility? N

You have entered the following data:

CODE			
(1)	Avg. Peak Meals Served - Cafeteria	=	300
(2)	Avg. Peak Meals Served - Patient Trays	=	108
(3)	Avg. Daily Peak Rations Served	=	208
(4)	Total Food Service Personnel	=	40
(5)	Clinical Dietetics Personnel	=	1
(6)	Dietetic Interns Assigned	=	0
(7)	Is a secretary authorized in this facility? No		

Do you wish to change any of the above work load values? N

A-9

```
FORCE CLINIC SECTION (0800)
************************************

ber of Immunizations / Yr= 51920
ber of Flight Physicals / Yr= 1029
ber of Other Physicals / Yr= 4609
ber of Inhal. ther trtments / Yr= 0
ber of EEGs / Yr= 347
ber of ECGs / Yr= 4257
ber of outpatient records to be maintained in'
  .... Outpatient Records Section= 92680
     .... Flight Surgeon's Office= 607
you wish to change the above data? N

r Annual Patient clinic visits
e:  Family Practice is part of Gen'l Therapy.
  Clinic
-----------------------------

) Primary Care/Fam Pra: 69950
) Emergency: 42660
) Allergy: 7356
) Cardiology: 0
) Dermatology: 6688
) Gastrcenterology: 0
) Hematology: 0
0) Medicine: 32532
1) Neurology: 0
2) Pediatrics: 36100
3) Psychiatry: 13523
4) Pulmonary: 0
5) Diet: 1620
6) OB/GYN: 28982
7) Neurosurgery: 0
8) Opthalmology/Opto.: 14136
9) Orthopedics: 15696
0) Otolaryngology: 5208
1) Plastic Surgery: 0
2) Surgery: 15144
3) Thoracic Surgery: 0
4) Urology: 5628
5) Other Surgical: 0
6) Aeromedical Services: 11938
7) Industrial Medicine: 0
8) Physical Therapy: 20380
9) Occupational Therapy: 0
u wish to revise input workload? N

you like to use workload calculations
vider calculations to determine
fations (Enter W or P): P
```

A-10

Enter the number of providers for the following Services

CODE SERVICES
(1) Primary Care/Fam Pra
    Physicians: 10
    Physician Assistant: 6
    Nurse Practitioner: 0
(5) Allergy
    Physicians: 1
(7) Dermatology
    Physicians: 1
(10) Medicine
    Physicians: 10
(12) Pediatrics
    Physicians: 6
    Physician Assistant: 0
    Nurse Practitioner: 2
(13) Psychiatry
    Physicians: 2
    Psychologist: 2
    Social Worker: 3
(15) Diet
    Physicians: 0
(16) OB/GYN
    Physicians: 5
    Mid-Wife: 2
    Nurse Practitioner: 2
(19) Opthalmology/Opto.
    Physicians: 2
    Optometrist: 2
(20) Orthopedics
    Physicians: 3
    Podiatrist: 1
(21) Otolaryngology
    Physicians: 1
(23) Surgery
    Physicians: 6
(25) Urology
    Physicians: 2
(27) Aeromedical Services
    Physicians: 8

Would you like to change or display the workstations and providers? Y

CODE	CLINIC CATEGORY	MD (1)	PA (2)	NP (3)	OP (4)	WK STAT (5)	NOTE (6)
1	Primary Care/Fam Pra	10	6	0	0	16	1
5	Allergy	1	0	0	0	1	2
7	Dermatology	1	0	0	0	1	2
10	Medicine	10	0	0	0	10	1
12	Pediatrics	6	0	2	0	8	1
13	Psychiatry	2	2	3	0	7	1
16	OB/GYN	5	2	2	0	9	1
19	Opthalmology/Opto.	2	2	0	0	4	1
20	Orthopedics	3	1	0	0	4	1
21	Otolaryngology	1	0	0	0	1	2
23	Surgery	6	0	0	0	6	1
25	Urology	2	0	0	0	2	1
27	Aeromedical Services	8	0	0	0	8	1
	TOTAL	57	13	7	0	77	

NOTES: 1 = full clinic
2 = Service only
3 = Required Service

Psychcologist, Podiatrist, Optometrist and Mid-Wifes are include under PA.
Social Workers are included under NP.

Enter the Code (1-30) of clinic to be changed or
hit return only to exit: 11

Enter the code (1-6) or area to be changed: 1

Enter revised number: 1
The new workstation number for the clinic with code 11 is 1 and the new note i
s 2.

Enter the Code (1-30) of clinic to be changed or
hit return only to exit: 6

Enter the code (1-6) or area to be changed: 1

Enter revised number: 1
The new workstation number for the clinic with code 6 is 1 and the new note i
s 2.

Enter the Code (1-30) of clinic to be changed or
hit return only to exit:

Would you like to change or display the workstations and providers? N

Do you want to display input workstations & capacity workload? Y
Summary -- AF Clinic:

CODE	CLINIC CATEGORY	WK STAT	CAPACITY
1	Primary Care/Fam Pra	16	94348
5	Allergy	1	5460
6	Cardiology	1	4680
7	Dermatology	1	10920
10	Medicine	10	37908
11	Neurology	1	2674
12	Pediatrics	8	41932
13	Psychiatry	7	16380
16	OB/GYN	9	26956
19	Opthalmology/Opto.	4	18720
20	Orthopedics	4	18720
21	Otolaryngology	1	4680
23	Surgery	6	23961
25	Urology	2	18720
27	Aeromedical Services	8	26624
TOTAL:		79	352683

Total input workload: 309171
Do you want to revise the above data? N

Provide the following information for a Mental Health Clinic:
CODE
(1) Psychiatrist: 2
(2) Psyhcologist: 2
(3) Social Worker: 3
(4) Resident: 0
(5) Technician: 5
(7) Clerks: 1
(8) Other Staff: 0
Total Staff 13

(9) Number of Records Maintained in Mental Health: 2908

Do you want to change any of the entered data? N

Total Staff: 13

Do you want to reenter any of the data? N

Enter total male staff for Aerospace Medicine.
Total to include Flight Med, Physical Exams,
Industrial Med, BEE, and Environmental Med: 27

```
Enter total female staff for Aerospace Medicine
Total to include Flight Med, Physical Exams,
Industrial Med, BEE, and Environmental Med: 25

Enter projected staff for Bioenvironmental Engineering:
  Bioenvironmental Engineer(s): 2
  Health Physicist or other
        officer equivalent: 0
  NCOIC (1 or 0): 1
  Admin and tech personnel: 9
    TOTAL =                 12
Do you wish to change Bioenvironmental Staffing? N

Enter projected staff for Environmental Medicine:
  Environmental Health Officer(s): 1
  Environmental Health Nurse(s): 1
  NCOIC (1 or 0): 1
  Admin and tech personnel: 10
      Total =               13
Do you wish to change Environmental Health Staffing? N

DENTAL CLINIC SECTION (09), 4  OCT 83 version.
-----------------------------------------

If only a return is pressed when data is
to be entered, a value of zero will be
assumed in all cases in this section
unless otherwised stated.

Is this a Primary (P) or Satellite (S) Facility
  (Enter either P or S): P

Will this be a modular style clinic? Y

Enter the number of the following types of
staff who will work in this facility:
General Dentists: 20
Oral Surgeons: 1
Periodontists: 1
Prosthodonists: 1
Endodontists: 1
Orthodontists: 0
Pedodontists: 0
Specialty Qualified: 2
Oral Pathologists: 0
Residents & Interns: 0
Preventive Dentistry Techs: 8
Prosthodontics Lab Techs: 3
Superintendent: 1
NCOIC: 1
Admin Office Staff: 3
Other Ancillary Staff: 40
    TOTAL STAFF              : 82
```

A-14

Enter the following additional data:

Total Male Staff: 41
Number of Dental Records Maintained: 28000

Number of DTR's to remain on base
in addition to those in this project: 0

Has a Night Duty Room been authorized by AFMSC/SGD? N
Has Scrub and Gown Area been authorized by AFMSC/SGD? N
Has extra Model Storage been authorized by AFMSC/SGD? N

You have entered the following data

CODE		
(4)	Primary Clinic	: Yes
(5)	Modular Clinic Design	: Yes
(6)	Night Duty Room	: No
(7)	Scrub and Gown Room	: No
(8)	Extra Model Storage	: No
(9)	Number of Male Staff	: 41
(10)	Number of Female Staff	: 41
(11)	Number of Dental Records Main.	: 28000
(12)	Other DTR's on Base	: 0

The number of staff of the following type:

(14)	General Dentists	: 20
(15)	Oral Surgeons	: 1
(16)	Periodontists	: 1
(17)	Prosthodonists	: 1
(18)	Endodontists	: 1
(19)	Orthodontists	: 0
(20)	Pedodontists	: 0
(21)	Specialty Qualified	: 2
(22)	Oral Pathologists	: 0
(23)	Residents & Interns	: 0
(24)	Preventive Dentistry Techs	: 8
(25)	Prosthodontics Lab Techs	: 3
(26)	Superintendent	: 1
(27)	NCOIC	: 1
(28)	Admin Office Staff	: 3
(29)	Other Ancillary Staff	: 40
	TOTAL STAFF	: 82

Do you wish to change any of the above values? N

```
umber of DTR's per specialty is:

  SPECIALTY            DTR's
  DTR's [Gen Dent]      29
  DTR's [Oral Surg]      2
  DTR's [Perio]          2
  DTR's [Prostho]        2
  DTR's [Endo]           2
  DTR's [Ortho]          0
  DTR's [Pedo]           0
  DTR's [Spec Qual]      4
  DTR's [Oral Path]      0
  DTR's [Teach]          0
  DTR's [Prev Dent]      8
  DTR's [Training]       1
      TOTAL DTR's       50

you wish to modify DTR distributions? N

er number of suites desired
 including Service Suite (9 max): 6

er number of each type of DTR desired in each suite:

vice Suite
E  SPECIALTY
  DTR's [Gen Dent]: 2
  DTR's [Oral Surg]: 0
  DTR's [Perio]: 0
  DTR's [Prostho]: 0
  DTR's [Endo]: 0
  DTR's [Spec Qual]: 0
  DTR's [Prev Dent]: 6
  DTR's [Training]: 1

 #1
 SPECIALTY
  DTR's [Gen Dent]: 6
  DTR's [Oral Surg]: 0
  DTR's [Perio]: 0
  DTR's [Prostho]: 0
  DTR's [Endo]: 0
  DTR's [Spec Qual]: 2
  DTR's [Prev Dent]: 0
```

```
Suite #2
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]: 6
( 2)  DTR's [Oral Surg]: 0
( 3)  DTR's [Perio]: 0
( 4)  DTR's [Prostho]: 0
( 5)  DTR's [Endo]: 0
( 8)  DTR's [Spec Qual]: 2
(11)  DTR's [Prev Dent]: 0

Suite #3
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]: 3
( 2)  DTR's [Oral Surg]: 2
( 3)  DTR's [Perio]: 2
( 4)  DTR's [Prostho]: 0
( 5)  DTR's [Endo]: 0
(11)  DTR's [Prev Dent]: 1

Suite #4
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]: 3
( 4)  DTR's [Prostho]: 2
( 5)  DTR's [Endo]: 2
(11)  DTR's [Prev Dent]: 1

Suite #5
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]: 9

The following DTR distribution by suite has been entered.

Service Suite
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]    2
(11)  DTR's [Prev Dent]   6
(12)  DTR's [Training]    1
          TOTAL DTR's     9

The following offices will be provided in suite.
(14)  Consultation        1

Suite #1
CODE  SPECIALTY
( 1)  DTR's [Gen Dent]    6
( 8)  DTR's [Spec Qual]   2
          TOTAL DTR's     8

The following offices will be provided in suite.
(14)  Consultation        2
(16)  Specialty           1
```

```
ite #2
DE  SPECIALTY
1)  DTR's [Gen Dent]    6
8)  DTR's [Spec Qual]   2
        TOTAL DTR's     8

 following offices will be provided in suite.
4)  Consultation        2

ite #3
DE  SPECIALTY
1)  DTR's [Gen Dent]    3
2)  DTR's [Oral Surg]   2
3)  DTR's [Perio]       2
7)  DTR's [Prev Dent]   1
        TOTAL DTR's     8

following offices will be provided in suite.
5)  Consultation        1
6)  Specialty           2

ite #4
DE  SPECIALTY
1)  DTR's [Gen Dent]    3
4)  DTR's [Prostho]     2
5)  DTR's [Endo]        2
7)  DTR's [Prev Dent]   1
        TOTAL DTR's     8

following offices will be provided in suite.
5)  Consultation        1
6)  Specialty           2

#5
SPECIALTY
DTR's [Gen Dent]    9
    TOTAL DTR's     9

llowing offices will be provided in suite.
Consultation        3

wish to change any of the above Suite DTR's or Office distribution? N

ou like to reaccomplish entire Dental Service Section? N
```

PHARMACY SECTION (10), 6 DEC 83 version.

If only a return is pressed when data is
to be entered in this section, a value
of zero will be assumed in all cases
unless otherwise stated.

Enter Annual Outpatient Prescriptions: 635797
Enter Annual Inpatient Prescriptions: 95475
Enter Annual IV Admixtures Prepared: 37413

Enter the number of staff of each
of the following types.
Pharmacists: 4
NCOIC: 1
Secretary/Receptionists: 1
Technicians: 25
Trainees: 0
Clerks: 0
TOTAL 31

Do you wish to change your inputs? N

RADIOLOGY DEPARTMENT, 22 APR 83 version.

DIAGNOSTIC RADIOLOGY SECTION, 5 DEC 83 version.

If only a return is pressed when data is
to be entered, a value of zero will be
assumed in all cases in this section
unless otherwised stated.

Enter Annual number of following Proceedures (UCA Weighted)
General Radiology: 44712
Chest: 40880
Head: 9536
Mammography: 57876
Angiography: 0
Portable: 2456
Ultrasound: 11724
Computed Tomography: 0
NMR: 0

following annual number of procedures have been entered:

General Radiology	:	44712
Chest	:	40880
Head	:	9536
Mammography	:	57876
Angiography	:	0
Portable	:	2456
Ultrasound	:	11724
Computed Tomography	:	0
NMR	:	0
Total Procedures	=	167184

ou wish to change any of the above values? N

the numbers for the following staff:
ologist
horized Manning or Contracted Inhouse service): 3
etary: 1
IC: 1
nicians: 13
ks: 1
dents: 0
nee: 0

following staff numbers have been entered:

Radiologist	:	3
Secretary	:	1
NCOIC	:	1
Technicians	:	19
Clerks	:	1
Residents	:	0
Trainee	:	0
Total Staff	=	25

wish to change any of the above values? N

ollowing Diagnostic Room will be provided in the facility:

adiographic	:	0
adiographic/Fluoroscopic	:	3
adio/Fluoro/Angiographic	:	0
adiographic (Chest)	:	1
adiographic (Head)	:	0
adiographic (Mammographic)	:	2
adiographic (Angiographic)	:	0
ltrasound	:	1
omputed Axial Tomographic	:	0
MR Suite	:	0

Do you wish to change any of the above values? Y

Enter the number code of the category you wish to change
When finished, hit return only: 1

Enter revised number: 2

Enter the number code of the category you wish to change
When finished, hit return only: 2

Enter revised number: 2

Enter the number code of the category you wish to change
When finished, hit return only: 8

Enter revised number: 2

Enter the number code of the category you wish to change
When finished, hit return only: 6

Enter revised number: 1

Enter the number code of the category you wish to change
When finished, hit return only: 9

Enter revised number: 1

Enter the number code of the category you wish to change
When finished, hit return only:

The following Diagnostic Room will be provided in the facility:

CODE		
(1)	Radiographic	: 2
(2)	Radiographic/Fluoroscopic	: 2
(3)	Radio/Fluoro/Angiographic	: 0
(4)	Radiographic (Chest)	: 1
(5)	Radiographic (Head)	: 0
(6)	Radiographic (Mammographic)	: 1
(7)	Radiographic (Angiographic)	: 0
(8)	Ultrasound	: 2
(9)	Computed Axial Tomographic	: 1
(10)	NMR Suite	: 0
	Total Diagnosis Rooms	= 9

Do you wish to change any of the above values? N

Additional data needed for Program for Design

Total annual number of Films Exposed: 137046

```
THOLOGY SECTION (1200)
**********

er number of procedures per year
each of the following lab sections:
istry: 339383
nalysis: 46819
obiology: 174767
asitology: 6138
ology: 0
atology: 72203
od Bank: 19105
ology: 20906
dioisotope: 0
stopathology: 0
ology: 0
topsy: 0
 TOTAL          679321

er the number of staff of each
the following types:
thologists: 2
b Officers (Incl. Interns): 2
perintendents: 1
OIC's: 1
chnicians: 38
udent Techs: 0
cretaries: 1
anscriptionists: 0
her Admin Staff: 3
 TOTAL STAFF                  48

this facility an Area Histopathology Center? N

t

you wish to change your inputs? N
crobiology   workload exceeds table limits.

lab module distribution is as follows:

Chem, Manual        2
Chem, Auto          2
Urinalysis          2
Microbiology        4
Hematology          2
Blood Bank          1
Serology            1
Histopathology      1
 TOTAL             15
```

```
Do you wish to change module distribution? Y

Enter desired number of modules of each type:
Chem, Manual: 1
Urinalysis: 2
Microbiology: 3
Parasitology: 0
Hematology: 3
Blood Bank: 1
Serology: 1
Histopathology: 1
Cytology: 1
Chem, Auto: 3

The lab module distribution is as follows:

   Chem, Manual        1
   Chem, Auto          3
   Urinalysis          2
   Microbiology        3
   Hematology          3
   Blood Bank          1
   Serology            1
   Histopathology      1
   Cytology            1
      TOTAL           16


Do you wish to change module distribution? N
```

A-23

PHYSICAL THERAPY SECTION(1300)
****

Monthly Patient Visits	= 1698
X Ave. Treatments per 100 Visits	= 250
Monthly Patient Treatments	= 4245

Do you wish to change the annual visits or the treatment per 100 visits ratio? N

Physical Therapy Staffing

Therapist(s)	= 2
Technician(s)	= 5
Total	= 7

RANGES FOR TYPES OF STAFFING

Type of Staffing	Range	Monthly Treatments	Staffing Range * Ther.	Techs	
Part-Time	LOW	0	0	0	
	HI	384	0	0	
Full-Time -- Technician	LOW	385	0	1	
	HI	1750	0	3	
Full-Time -- Therapist	LOW	1751	1	3	<--(1),(2)
	HI	8578	0	9	

(1) Usual Range IAW AFM 26-3, Vol. V
* Staffing indicates this range
Treatments input (function of visits) indicates this range

```
Do you wish to change inputs? Y
    Do you wish to change either (or both)
    the annual visits (1) or the treatment per 100 visits
    ratio (2) (Enter 1, 2, or 99 when finished)? 99
Do you wish to modify staffing? Y
        Therapist(s)? 4
        Technician(s)? 9

Physical Therapy Staffing
-------------------------

  Therapist(s)  =  4
  Technician(s) =  9
  Total         = 13
```

RANGES FOR TYPES OF STAFFING

Type of Staffing	Range	Monthly Treatments	Staffing Ther.	Range * Techs	
Part-Time	LOW	0	0	0	
	HI	384	0	0	
Full-Time -- Technician	LOW	385	0	1	
	HI	1750	0	3	
Full-Time -- Therapist	LOW	1751	1	3	(--(1),(2)
	HI	8578	0	9	

(*) Usual Range IAW AFM 26-3, Vol. V
(1) Staffing indicates this range
2) Treatments input (function of visits) indicates this range

```
The inputted change has not changed the type of staffing

Do you wish to change inputs? N
Do you wish to change any of the above? N
```

PHYSICAL THERAPY SUMMARY

Code	Type	Number
1	Cubicles	4
2	Exercise Stations	9
3	Extremity Whirlpools	3
4	Lowboy Whirlpools	2
5	Contour Body Tank	1
6	Whirlpool Cubicles	1

you wish to modify any of the above? N
there an Occupational Therapy Mission? N

MINISTRATION SECTION (1400)
****

Administration spaces are determined primarily in accordance with AFM 26-3 and AFM 168-4. Staffing is largely a function of various workload factors which have been computed to this point (other given factors are in data files).

Computed capacity workload factors are :

(1) Annual Admissions : 9855

(2) Annual Patient Days : 39420

(3) Physicians (FTE) : 43

(4) Total Beds : 135

(5) Annual Patient Visits : 329551

(6) Total Nurses (FTE) : 110

(7) Enlisted Personnel Assigned : 687

(8) Commissioned Officers Assigned: 185

(9) Civilian Personnel Assigned : 0

(0) Total Personnel Assigned : 872

```
Do you wish to adjust any of the above workload values? Y

 Enter factor number (to stop hit return only): 1
 Enter workload factor value: 9290
 Enter factor number (to stop hit return only): 2
 Enter workload factor value: 44887
 Enter factor number (to stop hit return only): 3
 Enter workload factor value: 67
 Enter factor number (to stop hit return only): 5
 Enter workload factor value: 313716
 Enter factor number (to stop hit return only): 7
 Enter workload factor value: 619
 Enter factor number (to stop hit return only): 8
 Enter workload factor value: 200
 Enter factor number (to stop hit return only): 10
 Enter workload factor value: 819
 Enter factor number (to stop hit return only):

Computed capacity workload factors are :

   (1) Annual Admissions        :   9290

   (2) Annual Patient Days      :  44887

   (3) Physicians (FTE)         :     67

   (4) Total Beds               :    135

   (5) Annual Patient Visits    : 313716

   (6) Total Nurses (FTE)       :    110

   (7) Enlisted Personnel Assigned   :   619

   (8) Commissioned Officers Assigned:   200

   (9) Civilian Personnel Assigned   :     0

  (10) Total Personnel Assigned      :   819


  Do you wish to adjust any of the above workload values? N
Ref. AFM 186-4, para. 6-32 and Fig. 6-1:
Is this a USAF Clinical Record Library? N
How many full time personnel will be assigned to this facilities reserve
    section: 0
```

Materiel Services Section (15), 6 Dec 82 version.

Data obtained from other sections:

Number of Linen Control Personnel	:	2
Number of Facility Management Personnel	:	4
Total number of Med. Logistic Personnel	:	27
Total personnel assigned to facility	:	819
Outpatient Visits per year	:	313716
Total beds	:	135
Number of Nursing Units	:	4
Total bassinets	:	17
Clinic workstations	:	79
Treatment rooms	:	29
Recovery beds	:	10
Combination ICU/CCU beds (One Unit)	:	8
Urology & Procto. procedures/year	:	18720
Number of Operating Rooms	:	5
Surgical procedures/month	:	203
Number of Delivery Rooms	:	2
Deliveries/year	:	972
Inhalation therapy treatments / year	:	0

Do you wish to change any of the above? Y

Linen Control= 5
Facility Management= 2
Medical Logistic= 21
Facility Personnel=
Outpatient visits=
Beds=
Nursing Units=
Bassinets=
Clinic workstations=
Clinic treatment rms=
Recovery beds=
Combined ICU & CCU (Press RETURN if separate CCU & ICU)
CCU=
ICU (Press RETURN if separate Med & Surg ICUs=
Medical ICU=
Surgical ICU=
Urol & proct proc/yr=
Operating Rooms=
Surgical proc/mo=
Delivery Rooms=
Deliveries/year=
Inhalation therapy
treatments/year=

A-28

Data obtained from other sections:

Number of Linen Control Personnel	:	5
Number of Facility Management Personnel	:	2
Total number of Med. Logistic Personnel	:	21
Total personnel assigned to facility	:	819
Outpatient Visits per year	:	313716
Total beds	:	135
Number of Nursing Units	:	4
Total bassinets	:	17
Clinic workstations	:	79
Treatment rooms	:	29
Recovery beds	:	10
Medical ICU	:	0
Surgical ICU	:	0
Coronary care beds	:	0
Urology & Procto. procedures/year	:	18720
Number of Operating Rooms	:	5
Surgical procedures/month	:	203
Number of Delivery Rooms	:	2
Deliveries/year	:	972
Inhalation therapy treatments / year	:	0

Do you wish to change any of the above? N

Does this facility have a MERC mission? N

Enter number of Medical Equipment Repairman authorized: 3

Enter number of loading dock spaces: 4

Do you wish to change your input? N

ntral Sterile (16), 6 Dec 82 version.

ta obtained from other sections:

Total beds	:	135
Number of Nursing Units	:	4
Total bassinets	:	17
Clinic workstations	:	79
Treatment rooms	:	29
Recovery beds	:	10
Medical ICU	:	0
Surgical ICU	:	0
Coronary care beds	:	0
Urology & Procto. procedures/year	:	18720
Number of Operating Rooms	:	5
Surgical procedures/month	:	203
Number of Delivery Rooms	:	2
Deliveries/year	:	972
Inhalation therapy treatments / year	:	0
Outpatient visits per year	:	313716

o you wish to change any of the above? N

SUPPORT SYSTEMS (1700)
****

If only a return is pressed when data is
to be entered, a value of zero will be
assumed in all cases in this section
unless otherwised stated.

Enter the number for the following data needed for this section:

Van Ambulance: 1
Metro Ambulance: 1
Field Ambulance: 3
Ambulance Bus: 0
Other Vehicles: 4
How Many Vehicles Require Shelter: 4

The following data is needed for this section:

CODE		
(1) Van Ambulance	=	1
(2) Metro Ambulance	=	1
(3) Field Ambulance	=	3
(4) Ambulance Bus	=	0
(5) Other organization vehicles	=	4
(6) How Many Organization Vehicles Require Shelter	=	4
(7) Peak Month's Outpatient Visits	=	26143
(8) Total Number of Personnel Planned	=	819
(9) Number of DTR's planned	=	50

Do you wish to change any of the above data values? N

Is a garage required ("No" implies carport only)? N

Values for factors are as follows:

Mechanical:	10.00 %
Circulation:	34.00 %
Walls & Partitions:	9.50 %
Half Areas:	1.00 %
Flexibility:	0.75 %

Do you wish to change any of these? N
Do you wish to use the standard options? Y

A-31

EXHIBIT A-2: OUTPUTS FROM THE AIR FORCE FACILITY PLANNING MODEL

AFMSC/SGSF

P R O G R A M F O R D E S I G N

Nellis AFB, Nevada

CMF/DC Rpmt

Beds: 135

DTRs: 50

Prepared by:

Facilities Division
Office of the Surgeon General, USAF
Air Force Medical Service Center

26 Apr 85

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Table of Contents CMF/DC Rpmt

****

FUNCTION	NET SF	PAGE
Nursing Services	31910	XX
Surgical Services	8750	XX
Obstetrical Services	5185	XX
Patient Welfare	1785	XX
Food Service	12695	XX
Air Force Clinic	61935	XX
Dental	15490	XX
Pharmacy	7330	XX
Radiology	9940	XX
Pathology	6265	XX
Physical Therapy	4195	XX
Administration	8380	XX
Medical Logistics	26620	XX
Central Sterile	2445	XX
Support Systems	400	XX
Total Net Square Feet	203325	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Space Summary CMF/DC Rpmt

****

NET TO GROSS CONVERSION

TOTAL NET SQUARE FEET	203325
10.00 % Mechanical	20332
	223657
34.00 % Circulation	76043
	299700
9.50 % Walls & Partitions	28471
	328171
1.00 % Half Areas	3281
	331452
0.75 % Flexibility	2485
TOTAL GROSS AREA	333937
	333940

(rounded to the nearest 10 square feet)

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
NURSING SERVICES					
OBSTETRICAL NURSING UNIT					
Bed Distribution	Beds: [17]				
Single (Isolation)		2	150	300	18020
Wardrobe		2	5	10	56770
Isolation Support		2	25	50	18025
Toilet, Patient	(1-Lav,1-WC)	2	30	60	50700
Single		3	140	420	18040
Wardrobe		3	5	15	56770
Toilet, Patient	(1-Lav,1-WC)	3	30	90	50700
Shower, Patient		3	20	60	42950
Double		4	220	880	18060
Wardrobe		8	5	40	56770
Toilet, Patient	(1-Lav,1-WC)	4	30	120	50700
Shower, Patient		4	20	80	42950
Quadruple		1	440	440	18080
Lavatory		1	15	15	28640
Wardrobe		4	5	20	56770
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Shower, Patient		1	20	20	42950
Nursing Functions					
Nurses' Station		1	150	150	32100
Work, Charting, & Report Rm		1	150	150	57360
Office, NCOIC		1	100	100	34330
Drug Storage & Prep.		1	60	60	20640
Office, Charge Nurse		1	100	100	34095
Bathing					
Tub		1	100	100	53300
Support Facilities					
Clean Linen		1	100	100	16065
Clean Utility		1	200	200	54200
Soiled Utility		1	80	80	54300
Storage, Equipment		1	100	100	45800
Emerg Equip (Crash Cart)		1	25	25	21610
Nourishment		1	25	25	31750
Gurney/Wheelchair, Storage		1	60	60	46800
Housekeeping		1	20	20	26000
Day, Wtg, & Group Rooms					
Dayroom		1	170	170	18700
Staff Support					

A-35

AFMSC/SGSF - 26 Apr 83 Nellis AFB, Nevada
Program for Design CNF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
NURSING SERVICES					
OBSTETRICAL NURSING UNIT					
Lounge, Staff		1	120	120	29070
Lockers, Staff	[20]	2	130	260	29020
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50800
SUB-TOTAL (net) :.....				4530 SF	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
NURSING SERVICES					
MED/SURG NURSING UNITS	[3]				
Bed Distribution	Beds: [110]				
Single (Isolation)		6	150	900	18020
Wardrobe		6	5	30	56770
Isolation Support		6	25	150	18025
Toilet, Patient	(1-Lav,1-WC)	6	30	180	50700
Shower, Patient		6	20	120	42950
Single (Security)		1	140	140	18030
Wardrobe		1	5	5	56770
Anteroom		1	50	50	18035
Toilet (Security)	(1-Lav,1-WC)	1	30	30	50550
Shower (Security)		1	20	20	42953
Single		11	140	1540	18040
Wardrobe		11	5	55	56770
Toilet, Patient	(1-Lav,1-WC)	11	30	330	50700
Shower, Patient		11	20	220	42950
Double		32	220	7040	18060
Wardrobe		64	5	320	56770
Toilet, Patient	(1-Lav,1-WC)	32	30	960	50700
Shower, Patient		32	20	640	42950
Quadruple		7	440	3080	18080
Lavatory		7	15	105	28640
Wardrobe		28	5	140	56770
Toilet, Patient	(1-Lav,1-WC)	7	30	210	50700
Shower, Patient		7	20	140	42950
Nursing Functions					
Nurses' Station		3	150	450	32100
Treatment/Exam		3	150	450	52150
Work, Charting, & Report Rm		3	200	600	57360
Office, NCOIC		3	100	300	34330
Drug Storage & Prep.		3	60	180	20640
Office, Charge Nurse		3	100	300	34095
Bathing					
Tub		3	100	300	53300
Shower, Wheelchair		3	80	240	43000
Support Facilities					
Clean Linen		3	100	300	16065
Clean Utility		3	200	600	54200
Soiled Utility		3	80	240	54300
Storage, Equipment		3	100	300	45800
Emerg Equip (Crash Cart)		3	25	75	21610

A-37

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpwt

FUNCTION		RMS	NSF	TOTAL	
NURSING SERVICES					
MED/SURG NURSING UNITS	[3]				
Nourishment		3	25	75	31750
Gurney/Wheelchair, Storage		3	70	210	46800
Housekeeping		3	40	120	26000
Day, Wtg, & Group Rooms					
Dayroom		3	250	750	18700
Staff Support					
Lounge, Staff		3	120	360	29070
Lockers, Staff	[21]	6	135	810	29020
Toilet, Staff	(1-Lav,1-WC)	6	30	180	30800
SUB-TOTAL (net) :.....				23245 SF	

A-38

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
NURSING SERVICES				
COMBINED ICU AND CCU				
Bed Distribution Beds: [8]				
Single (Isolation)	1	200	200	18020
Wardrobe	1	5	5	56770
Isolation Support	1	25	25	18025
Toilet, Patient (1-Lav,1-WC)	1	30	30	50700
Single	7	200	1400	18040
Wardrobe	7	5	35	56770
Toilet, Patient (1-Lav,1-WC)	4	30	120	50700
Nursing Functions				
Nurses' Station	1	150	150	32100
Work, Charting, & Report Rm	1	100	100	57360
Office, NCOIC	1	100	100	34330
Drug Storage & Prep.	1	60	60	20640
Office, Charge Nurse	1	100	100	34095
Support Facilities				
Clean Linen	1	100	100	16065
Clean Utility	1	200	200	54200
Soiled Utility	1	80	80	54300
Storage, Equipment	1	200	200	45800
Emerg Equip (Crash Cart)	1	25	25	21610
Nourishment	1	25	25	31750
Burney/Wheelchair, Storage	1	60	60	46800
Housekeeping	1	20	20	26000
Computer	1	70	70	15880
Day, Wtg, & Group Rooms				
Lounge, Visitor	1	150	150	29040
Staff Support				
Lockers/Lounge	1	120	120	29000
Toilet, Staff (1-Lav,1-WC)	1	30	30	50800
SUB-TOTAL (net) :.....			3405 SF	

A-39

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
NURSING SERVICES				
NURSING SERVICE SUPPORT				
Mobile X-Ray Alcove	2	40	80	57670
Toilet, Men (1-Lav,1-WC,1-Ur)	2	75	150	58960
Toilet, Women (1-Lav,1-WC)	2	50	100	51060
Conference	1	300	300	17160
Ward Clerk Program Manager	1	100	100	34460
SUB-TOTAL (net) :.....			730 SF	
TOTAL NET :.....			31910 SF	

A-40

AFMSC/SGSF - 26 Apr 83 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
SURGICAL SERVICES					
Surgical Pavilion					
Operating, General		2	400	800	34700
Operating, Cystoscopic		1	260	260	34710
Operating, Orthopedic		1	600	600	34720
Operating, Otolaryrgology		1	400	400	34750
Sub-Sterile		3	140	420	49600
Scrub Stations:	[4]	2	80	160	41650
Scrub Stations:	[2]	1	40	40	41650
Administration					
Nurses' Station		1	100	100	32100
Office, Nurse		1	100	100	34350
Office, NCOIC		1	100	100	34330
Anesthesiology					
Office, Anesthesiologist		3	100	300	34015
Office, Anesthetists	[2]	3	170	510	34016
Office, Anesthetists	[1]	1	100	100	34016
Anesthesia Workroom					
Clean Workroom/Cart Storag		1	245	245	16155
Anesthesia Cart Cleanup		1	105	105	10600
Anesthesia Gas Storage		1	50	50	10750
Post-Anesthesia Recovery					
Single (Isolation)		3	120	360	18020
Isolation Support		1	25	25	18025
Recovery Area	Beds:[7]	1	840	840	40100
Nurses' Station		1	60	60	32100
Drug Storage & Prep		1	50	50	30400
Clean Utility		1	80	80	54200
Soiled Utility		1	80	80	54300
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50810
Storage, Equipment		1	100	100	45800
Waiting, Family	[15]	1	210	210	53900
Toilet, Private	(1-Lav,1-WC)	1	30	30	50740
Support					
Dictation Cubicle		5	15	75	19700
Decontamination & Clean Up		1	300	300	18190
Clean Storage/Work Area		1	750	750	16080
Gurney/Wheelchair, Storage		1	150	150	46800
Storage, Equipment		1	205	205	45800
Soiled Utility		1	125	125	54300
Plaster Prep & Storage		1	80	80	36650
Storage, Orthopedic Eqpmt		1	80	80	47430
Portable X-Ray/C-Arm Alcove		1	50	50	36936

A-41

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CNF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
SURGICAL SERVICES					
Frozen Section Laboratory		1	80	80	24260
Film Processing		1	140	140	23500
Housekeeping		1	40	40	26000
Patient Holding		1	160	160	36310
Staff Support					
Lounge		1	130	130	29050
Women					
Lockers, Women	[10]	1	65	65	29012
Toilet	(1-Lav,1-WC)	1	30	30	50650
Shower		1	20	20	42900
Men					
Lockers, Men	[10]	1	65	65	29013
Toilet	(1-Lav,1-WC)	1	30	30	50650
Shower		1	20	20	42900
TOTAL NET				8750 SF	

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
OBSTETRICAL DELIVERY					
Delivery					
Delivery, Obstetrical		2	400	800	19000
Sub-Sterile		1	140	140	49600
Scrub Stations:	[4]	1	80	80	41650
Labor					
Labor		4	120	480	28400
Toilet, Patient	(1-Lav,1-WC)	4	50	200	50700
Patient Prep		1	150	150	36350
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Shower, Patient		1	15	15	42950
Recovery					
Recovery		1	200	200	40300
Support					
Nurses' Station		1	100	100	32100
Gurney/Wheelchair, Storage		1	80	80	46800
Anesthesia Gas Storage		1	50	50	10750
Sterile Storage		1	100	100	48650
Clean Linen Alcove		1	50	50	16060
Soiled Utility		1	100	100	54300
Storage, Equipment		1	200	200	45800
Housekeeping		1	40	40	26000
Waiting, OB	[10]	1	140	140	36100
Toilet	(1-Lav,1-WC)	1	30	30	50650
Consultation		1	100	100	17200
Staff Support					
Lounge		1	120	120	29050
Sleep Room		1	100	100	43210
Men					
Lockers, Men	[5]	1	100	100	29013
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
Shower		1	20	20	42900
Women					
Lockers, Women	[5]	1	100	100	29012
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
Shower		1	20	20	42900
SUB-TOTAL (net) :.....				3605	SF

A-43

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
NURSERY					
Nursery		1	640	640	32600
Minimal Care	Bass'ts:[12]		(360)		30950
Intermediate Care	Bass'ts:[4]		(200)		27225
Maximal Care	Bass'ts:[1]		(80)		29910
Nurses' Station		1	80	80	32100
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50810
Anteroom & Scrub		1	60	60	11150
Support					
Workroom		1	170	170	57075
Treatment & Micro-Lab		1	140	140	51675
Parents Teaching Room		1	120	120	35350
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Storage, Equipment		1	100	100	45800
Housekeeping		1	40	40	26000
SUB-TOTAL (net) :.....				1580 SF	
TOTAL NET :.....				5185 SF	

A-44

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpst

FUNCTION	RMS	NSF	TOTAL	
PATIENT WELFARE				
Red Cross				
Office, Director	1	100	100	34234
Storage, Volunteers'	1	50	50	49000
Base Exchange				
Vending	1	200	200	54600
Chaplain				
Office, Chaplain	1	120	120	34096
Storage	1	20	20	45200
Chapel	1	315	315	15500
Library				
Library, Patient	1	575	575	28700
Shelving		(105)		42450
Seating		(335)		41840
Periodicals		(20)		36450
Newspapers		(15)		31740
Librarian/Work Area		(100)		28750
Patient Lounge				
Lounge	1	270	270	29050
Storage	1	135	135	45200
TOTAL NET			1785 SF	

A-45

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
FOOD SERVICE					
Cafeteria Facilities					
Cafeteria Service Facilities		1	1700	1700	13560
Dining Room	seats:[169]	1	2550	2550	19800
Patient Tray Assembly					
Patient Tray Assembly		1	970	970	36380
Cart Storage	carts:[6]	1	180	180	13850
Food Processing and Prep.					
Processing & Preparation		1	2410	2410	37250
Meat Processing			(190)		37251
Pastry Preparation			(590)		37253
Nourishment Preparation			(120)		37254
Steam Center			(270)		37255
Fry Center			(70)		37256
Grill & Broil Center			(150)		37257
Baking & Roasting Center			(230)		37258
Mixing Center			(30)		37259
Therapeutic Diet Prep			(140)		37260
Fresh Fruit & Veg. Proc.			(220)		37261
Salad Assembly/Portions			(250)		37262
Dessert Assembly/Portions			(150)		37263
Ingredient Room		1	120	120	27000
Receiving & Storage					
Storekeeper/Receiving		1	80	80	49160
Storage, Dry Food		1	255	255	45500
Storage, Non-Food		1	510	510	47400
Storage, Refrig/Freezer		1	485	485	48050
Equipment, Refrigeration		1	100	100	22110
Sanitation					
Dishwashing Center		1	1000	1000	20100
Pot Washing		1	420	420	36950
Central Detergent Disp. Rm		1	100	100	14950
Cart Wash		1	340	340	14500
Trash Collection		1	100	100	51160
Housekeeping		1	160	160	26000
Administration					
Office, Chief		1	100	100	33500
Office, Dietetics	[1]	1	85	85	34230
Office, Food Production	[2]	1	170	170	34260
Nutrition Clinic		1	300	300	32910
Weighing, Screening, & Wait		1	150	150	56910

A-46

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpwt

FUNCTION		RMS	NSF	TOTAL	
FOOD SERVICE					
Staff Facilities					
Lockers, Men	[24]	1	155	155	29013
Toilet, Men	(2-Lav,2-WC,2-Ur)	1	90	90	30960
Lockers, Women	[16]	1	105	105	29012
Toilet, Women	(2-Lav,2-WC)	1	60	60	31060
TOTAL NET				12695 SF	

A-47

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
ADMINISTRATION					
Reception & Information					
Main Lobby		1	270	270	29600
Toilet, Men	(2-Lav,1-WC,1-Ur)	1	100	100	50960
Toilet, Women	(2-Lav,2-WC)	1	100	100	51060
Information Desk		1	100	100	26950
Central Clinic Reception	[33]	1	460	460	14800
Outpatient Records					
Outpatient Records		1	4015	4015	15856
Storage, Records			(3475)		48300
Records Clerks			(540)		39900
ADPE (ADPE-SMTF)		1	55	55	9255
Central Appointment Clerks	[13]	1	780	780	14760
ADPE (ADPE-PAS)		1	145	145	9225
Lounge, Civilian Employees		1	110	110	29055
Addressograph Machine		1	60	60	9150
SUB-TOTAL (net) :.....				6195 SF	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CNF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
PRIMARY CARE					
Treatment					
Office, Physician		10	100	1000	34484
Office, Physician Assistant		6	100	600	34486
Exam		32	100	3200	22300
Treatment		3	180	540	52400
Patient Holding		1	100	100	36310
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Immunization	stations:[1]	1	200	200	27300
Holding		1	120	120	25800
Waiting, Immunization	[12]	1	170	170	56200
Patient Interview/Vital Sign		1	100	100	36335
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[51]	1	745	745	55800
Office, Clerical		1	100	100	34100
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Conference		1	200	200	17160
Clean Utility		2	100	200	54200
Soiled Utility		2	100	200	54300
Lounge		1	100	100	29050
Housekeeping		1	20	20	26000
Storage, Equipment		1	100	100	45800
Staff					
Lockers/Lounge		1	125	125	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				8200 SF	

A-49

AFMSC/SGSF - 26 Apr 85
Program for Design

Nellis AFB, Nevada
CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
PRIMARY CARE					
EMERGENCY					
Treatment					
Exam, Isolation		2	100	200	22900
Emergency		1	300	300	21600
Support					
Ambulance Dispatch		1	100	100	10500
Toilet, Men	(1-Lav,1-WC,1-Ur)	1	75	75	50960
Toilet, Women	(1-Lav,2-WC)	1	75	75	51060
Office, NCOIC		1	100	100	34330
On-Call Room		1	100	100	34500
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
Shower		1	15	15	42900
Storage, Equipment		1	100	100	45800
Gurney/Wheelchair Alcove		1	60	60	25090
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[10]	1	150	150	55800
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Housekeeping		1	20	20	26000
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
SUB-TOTAL (net) :.....				1845 SF	

A-50

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
MEDICINE					
Medicine					
Office, Physician		10	100	1000	34484
Exam		20	100	2000	22300
Treatment		1	180	180	52400
Endoscopy		1	140	140	21700
Dressing		2	15	30	20500
Allergy Service					
Office, Physician		1	100	100	34484
Exam		2	100	200	22300
Allergen Injection		1	140	140	10200
Skin Test Stations	[2]	1	120	120	10400
Holding		1	120	120	25800
Allergen Preparation Lab		1	120	120	10300
Dermatology Service					
Office, Physician		1	100	100	34484
Exam		2	100	200	22300
Dermatology Procedure		1	140	140	19500
Dermatology Lab		1	60	60	19400
Ultraviolet Booth		1	40	40	53450
Neurology Service					
Office, Physician		1	100	100	34484
Exam		2	100	200	22300
EEG Testing Area	[1]	1	220	220	20900
EEG Work Area & Records		1	80	80	20950
Cardiology Service					
Office, Physician		1	100	100	34484
Exam		1	100	100	22300
ECG Testing		1	100	100	20800
ECG Work & Records		1	90	90	21000
Dressing		1	15	15	20500
Data Storage		1	100	100	18175
Blood Gas Analysis Lab		1	220	220	13100
Pulmonary					
Inhalation Therapy Area	[1]	1	150	150	27100
Storage, Equipment & Maint		1	150	150	46100
Cylinder Station		1	30	30	17660
Management & Support					

A-51

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
MEDICINE					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[48]	1	705	705	55800
Office, Clerical		1	100	100	34100
Office, Nurse		1	100	100	34350
Burney/Wheelchair Alcove		1	60	60	25090
Conference		1	200	200	17160
Clean Utility		2	100	200	54200
Soiled Utility		2	100	200	54300
Lounge		1	100	100	29050
Housekeeping		1	20	20	26000
Storage, Equipment		1	100	100	45800
Staff					
Lockers/Lounge		1	125	125	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				8443 SF	

A-52

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
SURGICAL					
General Surgery					
Office, Physician		6	100	600	34484
Exam		12	100	1200	22300
Treatment		2	180	360	52400
Recovery		1	100	100	40300
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Proctoscopic		1	160	160	37300
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Dressing		2	15	30	20500
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[36]	1	525	525	55800
Office, Clerical		1	100	100	34100
Office, Nurse		1	100	100	34350
Surney/Wheelchair Alcove		1	60	60	25090
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Housekeeping		1	20	20	26000
Storage, Equipment		1	100	100	45800
Staff					
Lockers/Lounge		1	100	100	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				3905 SF	

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
UROLOGY					
Treatment					
Office, Physician		2	100	200	34484
Exam		2	100	200	22300
Toilet, Patient	(1-Lav,1-WC)	2	30	60	50700
Cystoscopic & Control		3	230	690	17900
Dressing		6	15	90	20500
Toilet, Patient	(1-Lav,1-WC)	3	30	90	50700
Urology Laboratory		2	60	120	53900
Darkroom & Workroom		1	100	100	18170
Toilet, Patient	(1-Lav,1-WC)	4	30	120	50700
Urology Equip Storage		1	100	100	53950
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[10]	1	150	150	55800
Office, Nurse		1	100	100	34350
Surney/Wheelchair Alcove		1	60	60	25090
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Housekeeping		1	20	20	26000
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
SUB-TOTAL (net) :.....				2460 SF	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
ORTHOPEDIC					
Treatment					
Office, Physician		3	100	300	34484
Office, Podiatrist		1	100	100	34488
Exam		8	100	800	22300
Gait Observation		1	135	135	24450
Cast Room	tables:[4]	1	400	400	14750
Plaster Prep & Storage		1	60	60	36650
Storage, Splint & Crutch		1	60	60	48500
Appliance Fitting		1	80	80	11400
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[31]	1	610	610	55800
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Housekeeping		1	20	20	26000
Staff					
Lockers/Lounge		1	100	100	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				3215 SF	

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
EENT					
EYE					
Treatment					
Office, Physician		2	100	200	34484
Office/Eye Lane		2	195	390	33800
Eye Lane		4	160	640	23100
Screening Eye Lane		1	140	140	41400
Special Test Area		1	540	540	43500
Treatment, Eye			(140)		52200
Dark Field			(100)		18300
Tonography			(100)		51100
Electroretinography			(100)		21300
Lens/Vision Aids Fitting			(100)		17300
Fitting/Workroom(optical)		1	100	100	24100
Visual Field		1	100	100	55600
ENT Service					
Office, Physician		1	100	100	34484
Exam		2	100	200	22300
Treatment, ENT		1	110	110	52100
Recovery		1	100	100	40300
Toilet, Patient	(1-Lav,1-WC)	1	30	30	50700
Vestibular Exam		1	100	100	24750
Audio/Hearing Test		1	90	90	11700
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[62]	1	910	910	55800
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Clean Utility		1	100	100	54200
Soiled Utility		1	100	100	54300
Housekeeping		1	20	20	26000
Staff					
Lockers/Lounge		1	100	100	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net)				4420 SF	

A-56

AFMSC/SGSF - 25 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
AIR FORCE CLINIC				
PEDIATRIC				
Treatment				
Office, Physician	6	100	600	34484
Office, Nurse Practitioner	2	100	200	34488
Exam	16	100	1600	22300
Weights & Measures	1	100	100	56900
Waiting, Isolation	1	100	100	56400
Toilet, Pediatric (1-Lav,1-WC)	1	45	45	50750
Exam, Isolation	1	100	100	22900
Treatment	1	140	140	52400
Management & Support				
Reception	1	130	130	39600
ADPE (ADPE-PAS)		(30)		9230
Waiting/Play Area	1	620	620	55750
Toilet, Pediatric (1-Lav,1-WC)	2	40	80	50750
Office, Clerical	1	100	100	34100
Office, Nurse	1	100	100	34350
Burney/Wheelchair, Storage	1	60	60	46800
Clean Utility	2	100	200	54200
Soiled Utility	2	100	200	54300
Lounge	1	100	100	29050
Housekeeping	1	20	20	26000
Storage, Equipment	1	100	100	45800
Staff				
Lockers/Lounge	1	125	125	29000
Toilet, Staff (1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net)			4780 SF	

A-57

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CNF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
OBSTETRIC-GYNECOLOGY					
Office, Physician		5	100	500	34484
Office, Mid-Wife		2	100	200	34489
Office, Nurse Practitioner		2	100	200	34480
Exam		18	100	1800	22300
Weights & Measures		1	100	100	56900
Conference/Training		1	220	220	17150
Treatment		1	180	180	52400
Toilet, Specimen	(2-Lav,2-WC)	1	100	100	50350
Specimen Collection		1	40	40	43700
Laboratory, OB/GYN		1	60	60	28300
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[47]	1	690	690	55800
Office, Clerical		1	100	100	34100
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Conference		1	200	200	17160
Clean Utility		2	100	200	54200
Soiled Utility		2	100	200	54300
Lounge		1	100	100	29050
Housekeeping		1	20	20	26000
Storage, Equipment		1	100	100	45800
Staff					
Lockers/Lounge		1	125	125	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				5485 SF	

A-58

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
MENTAL HEALTH					
Reception					
Waiting, Public	spaces:[7]	1	100	100	55800
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Toilet, Patient	(1-Lav,1-WC)	1	50	50	50660
Office, Clerical	Clerks: [1]	1	140	140	34170
Records			(40)		39810
Treatment					
Office, Chief		1	120	120	33500
Office, Psychiatrist		1	120	120	34384
Office, Psychologist		2	120	240	34392
Office, Social Worker/CHAP		1	120	120	34329
Office, Social Worker		2	120	240	34387
Office, Technician		5	120	600	34395
Psychological Testing		1	100	100	36550
Group Therapy		1	150	150	25000
Support Area					
Storage, Equipment		1	80	80	45800
Housekeeping		1	20	20	26000
SUB-TOTAL (net) :				2210 SF	

AFMSC/SGSF - 26 Apr 83 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
AEROSPACE MEDICINE					
Flight Medicine					
Administration					
Office, (multiple)	[2]	1	170	170	34050
Records		1	20	20	39800
Treatment					
Office, Physician		8	100	800	34484
Exam		16	100	1600	22300
Treatment		1	180	180	52400
Management & Support					
Reception		1	130	130	39600
ADPE (ADPE-PAS)			(30)		9230
Waiting, Public	spaces:[35]	1	510	510	55800
Office, Clerical		1	100	100	34100
Office, Nurse		1	100	100	34350
Gurney/Wheelchair Alcove		1	60	60	25090
Clean Utility		2	100	200	54200
Soiled Utility		2	100	200	54300
Lounge		1	100	100	29050
Housekeeping		1	20	20	25000
Storage, Equipment		1	100	100	45800
Staff					
Lockers/Lounge		1	125	125	29000
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
SUB-TOTAL (net) :.....				4475 SF	

A-60

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
AIR FORCE CLINIC				
AEROSPACE MEDICINE				
Physical Evaluation				
Waiting/Form Writing spaces:[10]	1	140	140	55700
Dressing	1	100	100	20540
Reception	1	140	140	39600
ADPE (CARE)		(10)		9200
ADPE (ADPE-PAS)		(30)		9230
Toilet, Specimen (1-Lav,1-WC)	1	30	30	50350
Exam Stations				
ECG Testing	1	110	110	20800
Workroom	1	80	80	57075
Dressing	1	15	15	20500
Examination Area	1	505	505	22450
Weights & Measures		(70)		36950
Vision Testing		(50)		35050
Blood Pressure & Pulse		(50)		12860
Hearing Test		(80)		25050
ENT Exam		(80)		21750
Waiting, Internal		(175)		56750
SUB-TOTAL (net) :.....			1120 SF	

A-61

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
AIR FORCE CLINIC					
AEROSPACE MEDICINE					
Bioenvironmental Engineer					
Office, Bio. Engineer		1	100	100	34060
Office, Asst. Engineer		1	100	100	34030
Office, NCOIC		1	100	100	34330
Office, Admin & Tech	[9]	1	765	765	34343
ADPE (TRIMIS-COHP)		1	100	100	9205
Equipment Calibration/Lab		1	250	250	21800
Laboratory, Water		1	150	150	28350
Storage		1	150	150	45200
Storage, Equipment		1	50	50	45800
SUB-TOTAL (net) :.....				1765 SF	
Environmental Health					
Office, Env Hlth Ofcr		1	100	100	34341
Office, Env Hlth Nurse		1	100	100	34342
Office, NCOIC		1	100	100	34330
ADPE (TRIMIS-COHP)		1	40	40	9205
Office, Admin & Tech	[10]	1	850	850	34343
Patient Interview/Exam		1	150	150	36332
Laboratory, Envir. Hlth.		1	150	150	28232
Storage		1	100	100	45200
SUB-TOTAL (net) :.....				1590 SF	
Aeromedical Support					
Conference/Classroom		1	400	400	17100
Toilet, Men	(2-Lav,2-WC,1-Ur)	1	125	125	50960
Toilet, Women	(2-Lav,2-WC)	1	100	100	51060
SUB-TOTAL (net) :.....				625 SF	
PUBLIC TOILETS					
Toilet, Men	(4-Lav,4-WC)	3	200	600	50960
Toilet, Women	(4-Lav,4-WC)	3	200	600	51060
TOTAL NET :.....				61935 SF	

A-62

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
DENTAL CLINIC				
Public Areas				
Waiting, Public spaces:[34]	1	475	475	55800
Toilet, Men (3-Lav,3-WC,3-Ur)	1	135	135	50960
Toilet, Women (5-Lav,5-WC)	1	150	150	51060
Administration				
Reception/Records	1	390	390	39680
Reception		(100)		39610
Records		(260)		39810
ADPE (UCA/ASDC/DDS)		(30)		9280
Office, Administrative Staff[3]	1	255	255	33100
Office, Superintendent	1	100	100	34430
Office, NCOIC	1	100	100	34330
Base Dental Surgeon				
Office	1	120	120	33700
Secretary & Visitor Wtg	1	120	120	41850
Treatment				
Service Suite [9]				
Treatment, Dental, General	2	115	230	51901
Treatment, Dental, Prev Dent	6	115	690	51911
Treatment, Dental, Training	1	170	170	51912
Waiting, Sub spaces:[31]	1	435	435	56600
Sterilization Room	1	90	90	44250
Work Area, Professional	1	90	90	57050
Office, Consultation	1	100	100	34210
X-Ray, Exposure/Panorama	1	150	150	57650
X-Ray Exposure	1	115	115	57600
X-Ray Developing	1	115	115	57610
Reading Alcove		(40)		39050
Waiting, Ser X-Ray spaces:[13]	1	180	180	56550
Suite #1 [8]				
Treatment, Dental, General	6	115	690	51901
Treatment, Dental, Spec Qual	2	115	230	51908
Waiting, Sub spaces:[8]	1	110	110	56600
Sterilization Room	1	80	80	44250
Work Area, Professional	1	80	80	57050
Office, Consultation	2	100	200	34210
Office, Dept/Specialty	1	100	100	34220

A-63

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
DENTAL CLINIC				
Suite #2 [8]				
Treatment, Dental, General	6	115	690	51901
Treatment, Dental, Spec Qual	2	115	230	51908
Waiting, Sub spaces:[6]	1	110	110	56600
Sterilization Room	1	80	80	44250
Work Area, Professional	1	80	80	57050
Office, Consultation	2	100	200	34210
Suite #3 [8]				
Treatment, Dental, General	3	115	345	51901
Treatment, Dental, Oral Surg	2	115	230	51902
Treatment, Dental, Perio	2	115	230	51903
Treatment, Dental, Prev Dent	1	115	115	51911
Waiting, Sub spaces:[8]	1	110	110	56600
Work Area, Professional	1	80	80	57050
Office, Consultation	1	100	100	34210
Office, Dept/Specialty	2	100	200	34220
Sterilization, Central	1	140	140	44260
Sterile Storage	1	60	60	48650
Recovery & On-Call Room	1	100	100	40350
Toilet, Patient (1-Lav,1-WC)	1	30	30	50700
Shower	1	15	15	42900
X-Ray, Surgical	1	150	150	57900
Suite #4 [8]				
Treatment, Dental, General	3	115	345	51901
Treatment, Dental, Prosth	2	115	230	51904
Treatment, Dental, Endo	2	115	230	51905
Treatment, Dental, Prev Dent	1	115	115	51911
Waiting, Sub spaces:[8]	1	110	110	56600
Sterilization Room	1	80	80	44250
Work Area, Professional	1	80	80	57050
Office, Consultation	1	100	100	34210
Office, Dept/Specialty	2	100	200	34220
Prosthodontics Lab Techs:[3]	1	400	400	37600
Closet, Dust Collector	1	50	50	16475
Ceramics	1	120	120	15400
Housekeeping	1	20	20	26000
Suite #5 [9]				
Treatment, Dental, General	9	115	1035	51901
Waiting, Sub spaces:[9]	1	125	125	56600
Sterilization Room	1	90	90	44250
Work Area, Professional	1	90	90	57050

A-64

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
DENTAL CLINIC				
Office, Consultation	3	100	300	34210
Support Areas				
Education Center	1	610	610	20850
Conference/Library		(380)		17010
Plaque Control		(230)		36700
Issue & Supply				
Central Issue & Supply	1	510	510	15100
Soiled Linen Closet	1	35	35	43265
Storage, Flammable/Hazardous	1	40	40	46300
Storage, Cylinder	1	40	40	45300
Staff Support				
Lounge	3	230	690	29050
Lockers, Men [25]	1	190	190	29013
Toilet, Men (3-Lav,3-WC,3-Ur)	1	135	135	50960
Lockers, Women [26]	1	195	195	29012
Toilet, Women (5-Lav,5-WC)	1	150	150	51060
Housekeeping	1	20	20	26000
Maintenance				
Housekeeping Storage	1	100	100	26200
Housekeeping	3	20	60	26000
TOTAL NET			15490 SF	

A-65

AFMSC/SGSF - 26 Apr 85 | Nellis AFB, Nevada
Program for Design | CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
PHARMACY				
Outpatient Pharmacy				
Dispensing & Storage	1	1500	1500	20190
Waiting, Public spaces:[71]	1	1000	1000	55800
Inpatient Pharmacy				
IV Admixture Area	1	350	350	26510
Unit Dose Drug Distribution	1	400	400	53650
Support Area				
Storage, Bulk	1	1500	1500	44700
Outpatient		(1000)		35190
Inpatient		(500)		27140
Manufacturing & Prepackaging	1	1000	1000	29900
Outpatient		(700)		35190
Inpatient		(300)		27140
Controlled Drug Area (Vault)	1	150	150	17370
Storage, Flammable/Hazardous	1	30	30	46300
ADPE (TRIMIS-PHARM II)	1	125	125	9235
Drug Information Center	1	200	200	20650
Administration				
Office, Chief	1	140	140	33500
Office, Pharmacist	3	100	300	34386
Office, NCOIC	1	100	100	34330
Secretary & Visitor Wtg	1	120	120	41855
Staff Support				
Lounge, Staff	1	120	120	29070
Lockers, Staff	1	200	200	29020
Toilet, Men (1-Lav,1-WC,1-Ur)	1	45	45	50960
Toilet, Women (1-Lav,1-WC)	1	30	30	51060
Housekeeping	1	20	20	26000
TOTAL NET :.....			7330 SF	

A-66

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION	RMS	NSF	TOTAL	
RADIOLOGY				
DIAGNOSTIC RADIOLOGY				
Patient Support				
Waiting, Public spaces:[31]	1	725	725	55800
Waiting, Gurney/Wheelchair [5]	1	125	125	56050
Toilet, Men (2-Lav,2-WC,2-Ur)	1	150	150	50960
Toilet, Women (2-Lav,3-WC)	1	125	125	51060
Control Desk Work Area	1	180	180	17360
ADPE (UCA/ASDC/DDS) [2]		(40)		9280
Administration				
Secretary & Visitor Wtg	1	120	120	41855
Office, Chief	1	120	120	33500
Office, Radiologist	2	120	240	34385
Office, NCOIC	1	100	100	34330
Office, Clerical Clerks: [1]	1	100	100	34170
Quality Assurance	1	100	100	37850
Diagnosis				
Radiographic	2	350	700	37900
Dressing Booth	4	20	80	20551
Toilet, Patient (1-Lav,1-WC)	2	40	80	50700
Soiled Linen Alcove	2	10	20	43255
Radiographic/Fluoroscopic	2	350	700	38000
Dressing Booth	4	20	80	20551
Toilet, Patient (1-Lav,1-WC)	4	40	160	50700
Patient Holding	2	60	120	36311
Barium Prep Alcove	1	80	80	12400
Soiled Linen Alcove	2	10	20	43255
Radiographic(Dedicated Chest	1	200	200	38100
Dressing Booth	4	20	80	20551
Toilet, Patient (1-Lav,1-WC)	1	40	40	50700
Soiled Linen Alcove	1	10	10	43255
Radiographic (Mammography)	1	350	350	38630
Dressing Booth (1-Lav,1-WC)	2	20	40	20551
Toilet, Patient	1	40	40	50700
Soiled Linen Alcove	1	10	10	43255
Computed Axial Tomographic	1	350	350	16845
Dressing Booth	2	20	40	20551
Prep Room	1	100	100	37010
Toilet, Patient (1-Lav,1-WC)	1	40	40	50700
Soiled Linen Alcove	1	10	10	43255
Control Room	1	120	120	17450
Computer Room	1	120	120	16855
Console	1	250	250	17180
Ultrasound	2	250	500	53350

AFMSC/SGSF - 25 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/L... Rpmt

FUNCTION		RMS	NSF	TOTAL	
RADIOLOGY					
Dressing Booth		4	20	80	28531
Toilet, Patient	(1-Lav,1-WC)	2	40	80	50700
Soiled Linen Alcove		2	10	20	43255
Support Area					
Gurney/Wheelchair, Storage		5	25	125	46800
Soiled Linen Closet		1	120	120	43265
Clean Utility/Storage		1	360	360	16150
Darkroom		2	120	240	18160
Film Sorting		2	150	300	23800
Xerographic Processor		1	60	60	57580
Film Files		1	1370	1370	23400
Viewing & Consultation		1	270	270	54900
Housekeeping		1	45	45	26000
Staff Support					
Lounge, Staff		1	170	170	29070
Lockers, Men	[13]	1	100	100	29013
Toilet, Men	(1-Lav,1-WC,1-Ur)	1	45	45	50960
Lockers, Women	[12]	1	100	100	29012
Toilet, Women	(1-Lav,1-WC)	1	30	30	51060
TOTAL NET				9940 SF	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
PATHOLOGY					
Administration					
Office, Pathologist		2	120	240	34280
Secretary		1	100	100	41860
Office, Lab Officers		2	100	200	34270
Office, Superintendent		1	100	100	34430
Office, NCOIC		1	100	100	34330
Specimen Collection					
Waiting, Public	spaces:[32]	1	450	450	55800
Control		1	100	100	17400
Office, Clerical	[2]	1	170	170	34100
ADPE (TRIMIS-LAB)		1	290	290	9215
Blood Collection		1	100	100	12850
Donor Room		1	150	150	20450
Toilet, Specimen		2	40	80	50350
Specimen Receiving		1	100	100	44000
Refrigerator/Freezer		1	15	15	40400
Clinical Pathology					
Laboratory	[10]	1	2200	2200	28200
Chemistry, Manual	[1]		(220)		15650
Chemistry, Auto Class III	[3]		(660)		15656
Urinalysis	[2]		(440)		53850
Hematology	[3]		(660)		25500
Serology	[1]		(220)		42000
Blood Bank	[1]	1	220	220	12800
Microbiology	[3]	1	660	660	30650
Incubation Room		1	10	10	26800
Anatomical Pathology					
Histopathology					
Histopathology Lab	[1]	1	220	220	25700
Cytology	[1]	1	220	220	17870
Storage, Tissue		1	50	50	48900
Morgue					
Body Holding		1	140	140	13300
Support					
Storage		1	80	90	45200

A-69

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
PATHOLOGY					
Storage, Flammable/Hazardous		1	20	20	46300
Storage, Glassware		1	50	50	46700
Glass Wash & Utility		1	100	100	24800
Housekeeping		2	20	40	26000
Staff Support					
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
TOTAL NET				6263 SF	

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION			RMS	NSF	TOTAL	
PHYSICAL THERAPY						
Administration						
Reception			1	140	140	39600
ADPE (ADPE-PAS)				(30)		9230
Waiting	Spaces:	[8]	1	135	135	55650
Office, Chief			1	100	100	33500
Office, NCOIC			1	100	100	34330
Staff Therapists						
Office, (multiple)		[4]	1	340	340	34050
Professional Areas						
Cubicle Area						
Cubicle			4	120	480	17850
Work Station			2	60	120	57550
Exercise Stations		[9]	1	540	540	22200
Rehabilitation Area						
Rehabilitation Area			1	750	750	40600
Storage(Exer/Rehab)			1	130	130	46220
Hydrotherapy						
Hydrotherapy Area			1	600	600	26250
Extremity Whirlpool		[3]		(240)		23050
Lowboy Whirlpool		[2]		(180)		29080
Cubicle		[1]		(120)		17850
Work Station		[1]		(60)		57550
Support Areas						
Exam/Special Treatment			1	100	100	22975
Toilet,Wheelchr.	(1-Lav,1-WC)		2	50	100	51070
Dressing Booth			2	30	60	20550
Lockers, Patient		[6]	1	60	60	29010
Toilet, Staff	(1-Lav,1-WC)		1	30	30	50800
Lockers, Staff		[6]	2	60	120	29020
Lounge, Staff			1	110	110	29070
Clean Utility			1	80	80	54200
Soiled Utility			1	80	80	54300
Housekeeping			1	20	20	25000
TOTAL NET					4195 SF	

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
ADMINISTRATION					
Command - Base Medical Svcs					
Commander					
Office		1	180	180	33700
Toilet, Staff	(1-Lav,1-WC)	1	30	30	50800
Closet		1	15	15	16400
Secretary & Visitor Wtg		1	150	150	41850
ADPE (ADPE-PAS)			(10)		9230
Administrator					
Office		1	120	120	33700
Assoc Administrator					
Office		1	100	100	33700
Office, Administrative Staff		1	170	170	33100
Hospital/Clinic Services					
Office, Chief		1	120	120	33500
Secretary		1	100	100	41860
Nursing Services					
Office, Chief		1	120	120	33500
Office, Hlth/Nrsing Ed Coor.	[2]	1	170	170	34261
Clinical Nurse					
Office, Nurse		1	100	100	34350
Office, NCOIC		1	100	100	34330
Office, (multiple)	[3]	1	255	255	34050
Personnel & Admin Services					
Office, NCOIC		1	100	100	34330
Office, (multiple)	[2]	1	170	170	34050
Mail & Message Center	clks:[2]	1	200	200	30600
Program Distribution		1	100	100	37500
Publications	clks:[1]	1	100	100	37700
Resource Management					
Office, Chief		1	100	100	33500
Secretary		1	100	100	41860
Office, (multiple)	[4]	1	380	380	34050
ADPE (UCA/ASDC/DDS)			(40)		9280
Medical Service Accounts		1	80	80	30130
Computer Systems					
Computer Room		1	380	380	16850

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
ADMINISTRATION					
ADPE (TRIMIS-LAB)			(135)		9220
ADPE (TRIMIS-PHARM II)			(115)		9240
ADPE (UCA/ASDC/DDS)			(130)		9280
Patient Affairs					
Office, Chief		1	100	100	33500
Office, NCOIC		1	100	100	34330
Secretary		1	100	100	41860
Office, (multiple)	[12]	1	1020	1020	34050
Office, Hlth Benefit Advisor		1	100	100	34259
Admission & Disposition		1	100	100	10160
Addressograph Machine		1	60	60	9150
Stenograph/Word Processing					
Steno Pool	stenos: [11]	1	935	935	51500
Clinical Records Library		1	485	485	15855
Storage, Medical Records			(230)		48200
Work Area	clks:[3]		(255)		57000
Workroom, Doctors'		1	240	240	57400
Medical Squadron					
Office, Chief		1	140	140	33500
Office, First Sergeant		1	100	100	34245
Office, (multiple)	[4]	1	340	340	34050
Support Areas					
Housekeeping		1	20	20	26020
Toilet, Staff	(1-Lav,1-WC)	2	30	60	50810
Education					
Staff Library		1	640	640	28650
Seating			(250)		41840
Shelving			(310)		42450
Charging Desk			(80)		15640
Conference		1	400	400	17160
TOTAL NET				8380 SF	

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
MEDICAL LOGISTICS					
ADMINISTRATION					
MEMO					
Office, (multiple)	[3]	1	250	250	34050
Material Manager					
Office		1	100	100	33700
Office, NCOIC		1	100	100	34330
Office, (multiple)	[8]	1	480	480	34050
Keypunch Room		1	80	80	27950
SUB-TOTAL (net) :.....				1010 SF	
PROCESSED STORES					
Stores, Processed		1	1960	1960	49150
Storage, Processed			(1840)		44800
Cart Queuing			(120)		14350
SUB-TOTAL (net) :.....				1960 SF	
BULK STORAGE					
Storage		1	18400	18400	45200
Storage, Open Area			(9190)		44900
Storage, Pharmaceutical			(9190)		47950
Storage, Portable Equip			(15)		47900
Storage, Security		1	55	55	48350
Storage, Flammable/Hazardous		1	105	105	46300
Storage, Cylinder (Full)		1	125	125	45310
Storage, Cylinder (Empty)		1	90	90	45320
Receiving & Sorting		1	450	450	39500
SUB-TOTAL (net) :.....				19225 SF	
LINEN SERVICE					
Office, (multiple)	[3]	1	255	255	34050
Uniform Issue & Stor		1	200	200	53500
Soiled Linen Collection		1	430	430	43250
Clean Linen		1	800	800	16065
Seamstress	[1]	1	100	100	41830

AFMSC/SGSF - 26 Apr 85 Nellis AFB, Nevada
Program for Design CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL		
MEDICAL LOGISTICS						
SUB-TOTAL (net) :				1785	SF	
DOCK						
Loading Dock	trks:[4]	1	440	440		28900
SUB-TOTAL (net) :				440	SF	
PLANT MANAGEMENT						
Office, Chief		1	100	100		33500
Office, NCOIC		1	100	100		34330
Office, Technician	[1]	1	100	100		34395
Work Control Center		1	100	100		57070
Work Area		1	300	300		57045
Storage		1	150	150		45200
SUB-TOTAL (net) :				850	SF	
HOUSEKEEPING						
Office, Director		1	100	100		34234
Trash Collection		1	135	135		51160
Storage, Supply/Equipment		1	335	335		48810
SUB-TOTAL (net) :				570	SF	
BIOMEDICAL EQUIPMENT MAINT						
Office, NCOIC		1	100	100		34330
Storage, Spare Parts		1	75	75		48380
Storage, Equipment (AWP)		1	120	120		46205
Documentation/File Space		1	135	135		20430
Maintenance Shop	[3]	1	350	350		30050
SUB-TOTAL (net) :				780	SF	
TOTAL NET :				26620	SF	

AFMSC/SGSF - 26 Apr 85 — Nellis AFB, Nevada
Program for Design — CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
CENTRAL STERILE & SUPPLY					
ADMINISTRATION					
Dispatch Center		1	150	150	20150
DECONTAMINATION/PROCESSING					
Receive, Decontam, & Clean Up		1	1005	1005	39300
Washer-Sterilizer	[2]		(270)		39301
-- Sonic Cleaner(s)	[2]		(270)		39302
Workspace			(240)		39313
Cart Receiving	[8]		(120)		39314
Double Sinks	[2]		(105)		39315
Special Equipt Processing		1	80	80	43340
Cart Wash		1	120	120	39305
Storage, Trash Sort/Disposal		1	300	300	48960
Housekeeping		1	20	20	26000
SUB-TOTAL (net) :.....				1675 SF	
STERILIZATION/ASSEMBLY					
Non-Sterile Assembly Tables:	[1]	1	300	300	11600
Sterilization Area		1	240	240	44270
Steam Sterilizer (large)	[1]		(120)		39306
Steam Sterilizer (small)	[1]		(120)		39307
Sterile Stor / Assembly		1	230	230	27500
Sterile Storage			(150)		27600
Assembly			(80)		11550
SUB-TOTAL (net) :.....				770 SF	
TOTAL NET :.....				2445 SF	

A-76

AFMSC/SGSF - 26 Apr 83
Program for Design

Nellis AFB, Nevada
CMF/DC Rpmt

FUNCTION		RMS	NSF	TOTAL	
COMMUNICATION SYSTEMS					
Program Distribution		1	100	100	37500
Telephone Frame Room		1	300	300	49970
TOTAL NET				400 SF	
NOT IN SCOPE					
Support Facilities					
Ambulance Shelter	Vehicles:[4]	1	1560	1560	10510
Grounds Maintenance		1	250	250	25060

PARKING		SPACES
GMV (Other than above)		5
Field Ambulance	[1]	
Other Vehicles	[4]	
Staff/Patient		853
Dental Staff/Patients	[150]	
Medical Staff	[478]	
Medical Patients	[208]	
Accessible/Handicapped	[17]	
Total Spaces		858

VRI-AFSG-3 FR85-2
J. Patton
26 July 1985

ADDENDUM TO THE FINAL REPORT, AN AIR FORCE-VETERANS ADMINISTRATION JOINT VENTURE AT USAF HOSPITAL NELLIS

Vector Research, Incorporated

Sherlock, Smith, and Adams, Incorporated

INTRODUCTION

This addendum documents additional analyses regarding the joint venture that were performed after submission of the final report. Two issues are addressed in the addendum:

(1) California VA Medical Center (VAMC) health care costs; and

(2) veteran outpatient workload at USAF Hospital Nellis.

Together with the final report, this addendum describes an innovative joint venture that can benefit veterans and DoD beneficiaries alike.

Issue 1: California VAMC health care costs are understated in the joint venture analysis. Even using these low VAMC costs, the Nellis joint venture appears to be a cost-effective alternative source for Las Vegas veteran health care. If more realistic VAMC costs were incorporated into the analysis, the cost-effectiveness to the VA of the Nellis joint venture would be more pronounced.

Discussions with VA Central Office and Las Vegas personnel indicate that the California VAMC costs used in chapter 3.0 of the report are lower than appropriate for three reasons:

- First, the VAMC per diem operating costs (taken from the 1983 VA Summary of Medical Programs) do not include the cost of construction/depreciation (such costs are included in the reported USAF Hospital Nellis costs).
- Second, the VAMC costs include $100 in transportation costs per patient for travel from Las Vegas to California VAMCs, an amount that is lower than has actually been experienced. VA Las Vegas Clinic personnel suggest that average transportation costs are closer to $300 - $500 per patient.
- Finally, the VAMC costs are based on Loma Linda costs which are the lowest of the five area VAMCs. Loma Linda data are used since this facility is the primary referral VAMC for Las Vegas veterans. However, San Diego, Long Beach, Sepulveda, and West Los Angeles also serve Las Vegas veterans, and the cost of care provided by these four VAMCs is up 70 percent higher than the cost of Loma Linda care.

For these reasons, the California VAMC rates are adjusted in this addendum as follows:

- The VAMC per diem operating costs are increased by 18 percent to reflect construction/depreciation. Vector has estimated marginal construction costs as a percentage of operating costs in other research projects, and this work shows that an upward adjustment of 18 percent is appropriate for the southwest United States.
- The VAMC costs are adjusted to include $400 for patient transportation from Las Vegas to California VAMCs.

No adjustment is made to account for the fact that Loma Linda costs are the lowest of the five VAMCs, since Loma Linda is the primary referral site for Las Vegas veterans. A weighted average of the costs from the five area facilities would be an appropriate alternative to the Loma Linda rates. However, determining weights would involve estimation of the number of Las Vegas veterans served by each facility, and the information gained by this approach would not be worth the time and effort required of VA personnel.

With these adjustments made to the California VAMC costs, the cost analysis results can be summarized as follows. Nellis can offer reasonably-priced care to Las Vegas veterans. As shown in the following table, Nellis costs per day of inpatient care are competitive with Loma Linda costs, and they are considerably lower than fee basis costs experienced in the Las Vegas area.

	COST/BED DAY IN 1983$		
	NELLIS	LOMA LINDA	FEE BASIS
MEDICAL:	$339*	$343**	~$1000
SURGICAL:	$486*	$432**	~$1000

*Includes Marginal Construction Costs for Joint Venture

**Includes Marginal Construction Costs and $53/Day in Transportation Costs ($400/Patient)

The California VAMCs currently handle an average daily inpatient census of ten to fifteen acute medical/surgical inpatients from Las Vegas -- that is, 25-35 percent of the projected acute medical/surgical demand of Las Vegas veterans. The Nellis joint venture is a cost-effective way to expand the health care benefit offered to Las Vegas veterans and satisfy a larger percent of demand.

The above costs per bed day can also be used to compare two alternatives for providing acute medical/surgical inpatient care to Las Vegas veterans. One alternative is not to utilize the Nellis joint venture but to continue to provide care through California VAMCs and on a fee basis. In this addendum it is assumed that California VAMCs will handle an average daily census of ten acute medical/surgical patients from Las Vegas and that the residual of Las Vegas demand will be provided on a fee basis.[1] A second alternative is to utilize the Nellis joint venture

[1]Levels of California VAMC workload ranging from 0 to 15 patients daily are analyzed in chapter 3.0 of the final report.

and assume all acute medical/surgical demand of Las Vegas veterans is satisfied at Nellis.

The costs of providing care under each of the two alternatives are presented in the fourth and fifth columns of the table below. Costs, of course, vary with level of workload, and five levels are shown in the table.[1]

ACUTE MEDICAL/SURGICAL WORKLOAD			ANNUAL COSTS/SAVINGS IN MILLIONS OF 1983$		
% OF DEMAND	ANNUAL BED DAYS	ADIC*	COSTS WITHOUT JOINT VENTURE	COSTS WITH JOINT VENTURE	SAVINGS FROM JOINT VENTURE
100	15,905	44	13.7	6.6	7.1
80	12,724	35	10.5	5.5	5.0
60	9,543	26	7.3	4.3	3.0
40	6,362	17	4.1	3.2	0.9
32	5,090	14	2.9	2.8	0.1

*AVERAGE DAILY INPATIENT CENSUS

VA costs without the joint venture are estimated to be 2.9 million dollars if only 32 percent of projected demand is satisfied. Providing the same level of care through the joint venture costs 2.8 million dollars. Thus, if only 32 percent of the demand of Las Vegas veterans is to be satisfied, the costs to the VA are equivalent with or without the joint venture.

However, if a higher percent of demand is to be satisfied, then the joint venture becomes a cost-effective source of care. As the percent of

[1]Additional workload levels are examined in chapter 3.0 of the final report.

demand that is satisfied increases, VA costs without the joint venture rise rapidly because of increased dependence on costly fee basis care. If 100 percent of the acute medical/surgical demand is provided, VA costs are 13.7 million dollars without the joint venture. This same level of care could be provided for only 6.6 million dollars through the joint venture.

It is important to recognize that the joint venture may correspond to an increase in benefits for Las Vegas veterans. One representation of this situation is provided below.

ACUTE MEDICAL/SURGICAL WORKLOAD			ANNUAL COSTS/SAVINGS IN MILLIONS OF 1983$		
% OF DEMAND	ANNUAL BED DAYS	ADIC*	COSTS WITHOUT JOINT VENTURE	COSTS WITH JOINT VENTURE	SAVINGS FROM JOINT VENTURE
100	15,905	44	13.7	6.6	7.1
80	12,724	35	10.5	5.5	5.0
60	9,543	26	7.3	4.3	3.0
40	6,362	17	4.1	3.2	0.9
32	5,090	14	2.9	2.8	0.1

-3.7

INCREASED BENEFIT

*AVERAGE DAILY INPATIENT CENSUS

Without the joint venture the VA may choose to provide some portion of demand, shown above as 32 percent, while with the joint venture the VA may decide to satisfy 100 percent of demand. In the scenario depicted above, the joint venture corresponds to an increased benefit of 10,815 bed days annually at a cost to the VA of 3.7 million dollars.

Issue 2: The estimate of veteran outpatient workload at USAF Hospital Nellis should incorporate available data on OPT/SC and OPT/NSC care.

Data regarding OPT/SC and OPT/NSC care is used in this addendum to estimate veteran outpatient workload at USAF Hospital Nellis. A three-step process is used.

First, the total veteran outpatient workload associated with acute medical/surgical care is estimated. This is accomplished by applying the nationwide VA rate of 12 visits per admission to the projected 2112 Nellis admissions.[1] The result is 25,344 total visits.

Second, the proportion of these visits associated with inpatient follow-up care is estimated, since only this type of outpatient care will be supplied to veterans by USAF Hospital Nellis.[2] Data provided by Loma Linda are used in this step (the estimate could be improved in the future if regional or national data become available). At Loma Linda 68 percent of outpatient care is classified as follow-up to hospitalization (i.e., classified as OPT/SC or OPT/NSC). Thus, veteran outpatient visits to Nellis are estimated as .68 x 25,344 or 17,234 visits.

Third, the above visit estimate is translated into DoD-defined visits; that is, it is adjusted to reflect definitional differences between a VA-defined visit and a DoD-defined visit. DoD counts one

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[1]This rate, taken from the 1983 Summary of Medical Programs, is for VA Medical Centers, excluding free-standing clinics.

[2]As joint venture arrangements are refined, the VA might consider providing initial follow-up outpatient care at Nellis (to assure continuity of care) but to provide longer term follow-up outpatient care at the VA clinic.

visit for "each time an eligible beneficiary presents himself to a separate, organized clinic" (for example, a patient seen at the Primary Care clinic and two other specialty clinics on the same day is reported as three visits). In this regard, a DoD-defined visit is much closer to what the VA counts as clinic stops. However, DoD does not count stops to ancillary service areas, such as the pharmacy.

The adjustment to DoD-defined visits is accomplished as follows. The VA Central Office estimates that each VA visit corresponds to 1.7 clinic stops. Since DoD-defined visits are similar to, but somewhat less than, VA clinic stops, an adjustment factor of 1.5 is applied to the estimate of VA visits. Thus, veteran outpatient workload at USAF Hospital Nellis is estimated as 17,234 VA-defined visits x 1.5, or 25,851 DoD-defined visits. This represents the level of pre- and post-admission outpatient workload expected to be provided by USAF Hospital Nellis to Las Vegas veterans.

FIRE SYSTEM AT NELLIS AIR FORCE BASE

Senator REID. I am not going to go into the details of the hospital at Nellis that has a limited fire system, because I am sure you know that and I am certainly not here to embarrass anyone, because we are proud of Nellis Air Force Base, but we are concerned about this medical facility.

So could you respond, at least in a general way? You probably would need to obtain more specific information, which I wish you would do for the subcommittee and myself, personally.

Mr. DOWERY. Yes, sir; I have been to Nellis Air Force Base, so I am quite familiar with the project. We do share with you the concern for the validity of the project and recognize that it is a warranted and needed facility.

However, when we took our prioritization position, both the Congress and the Department of Defense had established the need for readiness as our first priority; for providing for those facilities where people are medically isolated as our second priority; and for supporting continuing graduate medical education program, as it relates to readiness, as our third priority. Within a limited budget, we have had to apply this prioritization in the development of our medical facilities construction program.

Although we recognize the need for the Nellis hospital project, when we look at our other requirements it falls, we think, in the most appropriate place, which is now fiscal year 1991. Because of the lead time that it takes to prepare a facility project for presentation to the Congress for approval, the earliest possible date for the Nellis project, even though we are well into the architect selection process, would be fiscal year 1990.

Dr. Mayer, responding to the Veterans Administration just recently, committed to attempting to hold that project in 1991. However, recognizing that the requirements for medical readiness, the overseas projects, and our graduate medical education program, where we try to do no more than two projects in any one fiscal year because they are normally phase-funded, he stated that we just do not have within the budget constraints enough money to do all of the projects that we would like to.

We recognize that this would be a cost-effective project, and that it has great benefit to the veterans that are there and to our service people who are there. We have had to hold it in the year that we have suggested to you for the reasons that I have just stated.

Senator REID. Mr. Dowery, my only retort would be that I think that one of the things that should be taken back to the people that you speak with is the point that I have made, the two points that, of course, it is needed and it would be cost effective, but also I cannot stress enough how bad this looks to people coming in from all over the world.

We train in the red flag exercises pilots from all over the free world, and that is really not an appropriate beacon to hold out to those people

coming to train from all over the world. So if there is any way it could be moved up to 1990, I think it should be. I would like you to look at that again. It is something that I am excited about because it would be the first of its kind, of course, a joint venture between the VA and the service.

Get me those three reports, and I do not have any more questions. I will talk to you later.

Mr. DOWERY. Thank you.

Senator REID. Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Reid.

CLARK AIR FORCE BASE HOSPITAL

Mr. Dowery, in looking through your statement here I note that you are requesting $40 million for the hospital at Clark Air Force Base in the Philippines for fiscal year 1988. Then an additional $30 million for the hospital at Subic Naval Base in the Philippines for fiscal year 1989.

Now I have two concerns about this, Mr. Secretary. No. 1, I have voiced my concern in times past about other military construction projects in the Philippines relative to the political instability in those islands at the present time.

I am concerned about expending very substantial sums of money in the Philippines until we can see the end of the road there as far as political instability is concerned. Some of the intelligence reports indicate that that situation is getting worse, instead of better. I am reluctant, given the very severe budget constraints we are operating under at the present time, to go forward with additional hospital construction in the Philippines.

I dispatched staff out there last year, and we inspected the hospitals at Clark Air Force Base, and that is largely a dependents' hospital. It is filled primarily with Filipino dependents of American military personnel. Of course we do have an obligation to provide medical care to dependents, but it falls under a little different category perhaps than if we are dealing directly with the active duty personnel themselves.

So I just indicate to you that, in my view, the committee is not going to look favorably on these requests at this time for expansion and modernization of the hospital at Clark Air Force Base or at Subic Naval Base.

Do you have any response to that?

Mr. DOWERY. Yes, sir; I would like first to point out that we have a significant investment in the Clark facility, and that it is the tertiary care facility in the Far East. Because of the strategic location, and our commitment to any activity that would go on from a contingency point of view in the Pacific, it becomes the hub of our medical care effort.

Without the proposed construction at Clark and some follow-on construction that we are proposing in future years for contingency purposes, then we are not able to support our military forces in that part of the world.

The facility at Subic is an old, dilapidated series of quonset-type facilities that are really not very efficient anymore and will not respond to the kinds of care that we would have to provide in that part of the world.

So if the committee could be indulgent of our overall readiness posture for just a little longer, perhaps the expenditure of these funds could be used as a carrot for getting the base agreements in position. We have committed to spending some money out there in order to improve the economy of that country. Perhaps this is one way to get those base agreements in position.

But moreover, because of the commitment that we have had to supporting our U.S. forces in the event of war in that part of the world, these facilities become very key to our being able to deliver medical support to those forces.

POLITICAL SITUATION IN PHILIPPINES

Senator SASSER. Well, I do not contest that. My only thought is that we might not have access to these facilities at some point in the not-too-distant future. So before going forward with fairly extensive construction, I think we need to be able to look down the road and see where the political situation is going to lead in the Philippines, and that is very murky indeed at this juncture.

Mr. Dowery, I want to insert correspondence at this point into the record between the subcommittee and Secretary Newhall.

[The information follows:]

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-1200

20 JAN 1987

Honorable James R. Sasser
Chairman, Subcommittee on
Military Construction
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The attached notification of the intent to award an Architect/Engineer (A/E) contract for A/E services and construction design of a military construction project is forwarded in compliance with Title 10, U.S.C. 2807.

Sincerely,

David Newhall, III
Principal Deputy Assistant Secretary

Attachment

Notification of Intent to Award
Contract(s) in the Amount of
$300,000 or More for Architect-Engineer (A/E)
Services and Construction Design of
Proposed Military Construction Projects
(Title 10 U.S.C. 2807)

The Defense Medical Support Activity (DMSA) proposes to authorize the obligation of funds for the award of an A/E contract in the estimated amount of $300,000 or more for A/E services and construction design of the following military construction requirement.

Project	Estimated Cost of A/E Contract
Glabbeek, Belgium	
Medical Contingency Complex	$552,000

Project will provide concrete foundation and floor slab, single story, pre-engineered metal buildings, all required utilities to support a 500 bed contingency hospital including central core of triage/emergency, surgery, sterile supply, radiology and laboratory.

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

January 26, 1987

Mr. David Newhall, III
Principal Deputy Assistant Secretary
Office of the Assistant Secretary of Defense
Washington, D. C. 20301-1200

Dear Mr. Newhall:

I have received your letter dated January 20, 1987, notifying the Committee of the intention of the Department of Defense to design a contingency hospital complex in Belgium.

It is my view that deterrence can be strengthened if the United States and our allies can effectively and quickly treat battlefield casualties. I am aware of the current shortfall of beds and medical personnel available in the European theater during wartime. For those reasons, I support the initiative to provide adequate contingency hospital facilities.

However, I am concerned that the United States may have failed to seek increased NATO and host-nation participation in the contingency hospital construction program. Last fall, I asked the staff of the subcommittee to review the contingency hospital program during a field visit to Europe. Staff provided the Committee with briefing materials which stated, "Under existing NATO STANAGs and U. S. European Command policies, medical care capabilities will be shared among allies to the maximum extent possible."

Although medical care facility construction has traditionally been viewed as a national responsibility, the fact that facilities, once constructed and operated, are available to all allied casualties indicates that the United States should coordinate its contingency hospital program with our European allies and seek to improve allied financial participation in the program.

The Committee, therefore, withholds approval of the pending design request until the Committee has received and reviewed written responses to the following issues:

First, in what formal manner did the Department of Defense consult with our NATO allies prior to developing the master plan for contingency hospitals? To what extent did the United States' planning effort take into consideration allied medical facilities which would be available for the care of U.S. casualties?

Second, what is the policy of the Department of Defense with regard to seeking allied financial assistance for the construction of contingency hospital facilities? Have NATO Infrastructure funds been sought for previously approved contingency hospital projects? Has the United States been reimbursed by NATO for any pre-financed contingency hospital projects? For the Belgium project and the remaining projects programmed in the five-year defense

plan, what will be the process to be followed by the U. S. Department of Defense with regard to seeking increased allied burden-sharing?

Third, what is DoD policy with regard to seeking host-nation support for contingency hospital projects? What specific host-nation support has been provided in each of the contingency hospital construction projects previously approved? For the Belgium project and remaining projects in the FYDP, what specific host-nation support will be sought?

Fourth, the Committee is concerned that the Department of Defense is failing to follow the established regular military construction funding process for the design and construction of two or more contingency hospitals. Specifically, the Committee has been briefed that contingency hospital projects proposed for the Netherlands and one other European country will not be submitted to the Congress for authorization and appropriation. Instead, these two projects will be financed through the Patriot Missile Offset Program.

The Committee believes that construction projects, regardless of the funding source, should be submitted to the four oversight committees of the Congress before being undertaken. Therefore, such projects should be submitted for review along with the annual budget request sent to the Congress.

With regard to the Patriot Missile Offset Program, I would like to know the specifics of how this program operates. What are each of the medical projects which will be funded from this program? What military construction projects, other than medical facilities, have been or are being programmed to utilize the Patriot pay-back funding mechanism?

I assure you that the Committee will continue to support improvements to our wartime medical requirements. However, in view of rapidly expanding overall military construction needs, I believe extra efforts must be made to encourage allied financial assistance in every possible category, including the medical category.

Sincerely,

Jim Sasser

Jim Sasser, Chairman
Subcommittee on Military
Construction

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-1200

30 APR 1987

Honorable Jim Sasser
Chairman, Subcommittee on Military
Construction
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter transmits the enclosed classified and unclassified response to the questions raised concerning NATO and host nation participation in the Contingency Hospital Construction Program. We regret the delay in our response. However, some of the information requested required input from the Commander U.S. Forces Europe.

The Medical Contingency Complex in Belgium, and others like it, are critical to the establishment of a credible contingency capability in Europe. We believe that we are taking advantage of all appropriate host nation support in our planning, and are actively pursuing eligibility for medical contingency facilities under the NATO Infrastructure Program in a manner that protects the fiscal interest of the United States. Because of the critical need for this capability, the Congress is strongly urged to support our Medical Contingency Program.

Should you require any clarification of the information provided, or have any further questions on this issue, the Health Affairs point of contact is CDR Ed Phillips at 653-0080. If no further inquiry is made within 21-days of the receipt of this letter, we will assume that the information provided has answered your questions and will proceed with design on the Belgium project.

Your favorable consideration and support would be appreciated.

Sincerely,

David Newhall, III
Principal Deputy Assistant Secretary

Enclosures

FOREIGN FUNDING FOR MEDICAL PROJECTS

Senator SASSER. Now it is my view—and I have stated this many, many times before—that the United States should seek, to the maximum extent possible, funding from our allies for military medical projects that we undertake in foreign countries. I believe this is one tangible way that our allies can contribute to the defense burden sharing.

It is clear that, over a period of years, our allies have not been contributing their fair share to the defense of the so-called free world. Any way you slice it, whether it is percentage of gross national product, or whether it is per capita expenditure for defense, our NATO allies simply are not carrying their fair share, in my view. Certainly the same can be said for our Japanese allies. That is a given.

But I think one way that we can reduce the burden on our taxpayers and reduce the burden on our budget deficit is to seek to force, on the part of our NATO allies, more payments with regard to building a common infrastructure there to support our forces and theirs in Europe. I do not see why we need to take the lion's share in some of these projects of constructing capital projects that would be there and usable even when United States forces were withdrawn from Europe, which they may be some day, although we are there in force now. Here we are, almost one-half a century after the Second World War, with 320,000 military personnel, and over 300,000 support civilian personnel and dependents in Western Europe.

Why has it taken the Department of Defense so long to seek a change in the NATO criteria to allow medical projects to be funded through the infrastructure program where there is a more equitable burden sharing?

Mr. DOWERY. Well, sir, if I may, first of all the NATO forces are responsible for providing medical facilities for their own troops. That is a country-by-country responsibility. There are some areas where lines of responsibility join where there is some sharing of care responsibilities, but this is only until the patients are stable enough to move on to their own country.

Senator SASSER. You are talking about hospitals now?

Mr. DOWERY. Yes, sir; medical facilities. I only have the responsibility for medical facilities.

With regard to the structures themselves, we have in this budget request the facility at Echternach, Luxembourg. The country of Luxembourg has contributed 24 acres for the facility itself, and they are negotiating for some ongoing maintenance of that facility once it is constructed.

In Japan we have, in the JFIP Program right now, several facilities that are medically related that are being considered for JFIP funding. One of them is at Misawa; the other is at Sasebo. We think both of those are going to come to fruition very quickly.

For all of the contingency facilities in the NATO countries, the land has usually been provided for those projects. At the two classified sites I spoke of earlier, the land has been provided by the country and a

considerable amount of the construction is being paid for by that country. And they are, in fact, designing the facilities.

So we are getting considerable support from those countries for our medical facilities. I do not think that has been understood at all times. I believe that we have not done enough marketing of that information.

FUNDING OF CONTINGENCY HOSPITALS

Senator SASSER. How certain is the Department of Defense that NATO will agree to fund these contingency facilities that we are talking about now? And these are contingency hospitals?

Mr. DOWERY. Yes, sir.

Senator SASSER. God knows, we need some additional medical facilities in Europe because if there is a conflict there, the facilities are simply inadequate to treat our casualties in a conventional war. God help us if there is an exchange of battlefield nuclear weapons, because the facilities simply are not there to treat our personnel then. But how certain are we that the Department of Defense will agree to fund contingency medical facilities out of the infrastructure account?

Mr. DOWERY. Well, we are not certain, sir, that all of those facilities, or even a major portion of them, are eligible for funding under that agreement. As I said, the NATO agreements say that we are responsible for providing those facilities for our own troops. However, we are exploring that with the NATO countries now to determine if any of them are going to be eligible for funding.

We have taken the precaution to establish precautionary prefinancing arrangements with the Committee so that in the event they become eligible we can recoup those funds.

Senator SASSER. Well, all right, Mr. Dowery, I want to give you every encouragement to continue to seek allied contributions for the medical facilities that we are constructing around the world.

I would ask that you provide the subcommittee with informal, periodic reports concerning how well the proposal is doing in the NATO countries.

Mr. DOWERY. Yes, sir.

[The information follows:]

DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

FY 88

PC	LOCATION	SERVICE	DESCRIPTION	P. A. ($000)
R	BENTWATERS, UK	AF	2E LOG FAC	1,300
1	CAMP LESTER, JP	NAVY	L/S UPG	1,400
1	CLARK, RP	AF	CMF/DC ADAL	40,000
R	ECHTERNACH, LX	AF	MED CONT COMPLEX	15,500
1	FAIRFORD, UK	AF	MED/DC RPMT	7,300
R	FLEET HOSP	NAVY	SERIAL 8	6,400
R	FLEET HOSP	NAVY	SERIAL 15	7,000
3	FT LEWIS, WA	ARMY	MAMC PH III	86,000
1	INCIRLIK, TU	AF	CMF/DC RPMT	14,400
R	INCIRLIK, TU	AF	2E LOG FAC	860
R	IRAKLION, GR	AF	2E LOG FAC	340
R	KINGS BAY, GA	NAVY	MC/DC ADAL	6,600
R	LACKLAND, TX	AF	MED WRM FACILITY	1,350
4	LANGLEY, VA	AF	L/S UPG	1,500
4	MALMSTROM, MT	AF	CHCC NEW	16,500
1	MISAWA, JP	AF	CMF RPMT(JFIP)SUPP	4,700
R	MCGUIRE, NJ	AF	ARM SVCS BLOOD WHSE	550
1	NAPLES, IT	NAVY	HOSP RPMT	30,000
2	OAK HARBOR, WA	NAVY	HOSP CLINIC ADD	16,500
1	RHEINBERG, GE	ARMY	DISP/DC	2,250
3	SAN DIEGO, CA	NAVY	SUPPORT FAC	7,400
R	SAN VITO, IT	AF	2E LOG FAC	670
1	SIGONELLA, IT	NAVY	HOSP RPMT	20,000
1	SUBIC BAY, PI	NAVY	SITE PREP	3,500
4	VANDENBERG, CA	AF	CMF ADAL	0,000*
R	WAINWRIGHT, AK	ARMY	MC/DC	9,100
R	WETHERSFIELD, UK	AF	2E LOG FAC	740
R	WOENSDRECHT, NL	AF	MC/DC NEW	6,800
R	WOENSDRECHT, NL	AF	2E LOG FAC	360
	TOTAL			309,020

*VANDENBERG WAS APPROPRIATED IN FY 87 FOR $1.900 MILLION. PROJECT REQUIRES AUTHORIZATION.

DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

FY 89

PC	LOCATION	SERVICE	DESCRIPTION	P. A. ($000)
R	BASE 54	AF	MED CONT COMPLEX	10,600
1	CAMP HOWZE, KO	Army	TRP AID STN	800
4	CAMP PENDLETON, CA	NAVY	MED STOR SUPPORT	5,400
5	CORPUS CHRISTI, TX	Navy	L/S UPG	6,100
1	FULDA, GE	ARMY	DISP/DC (DOWNS BKS)	3,900
R	FLEET HOSP	NAVY	SERIAL 18	8,600
R	FLEET HOSP	NAVY	SERIAL 21	12,600
5	FT BENNING, GA	ARMY	ER ALTER	900
2	FT LEONARD WOOD, MO	ARMY	LAB/PHARM ADD	700
3	FT LEWIS, WA	ARMY	HOSP PHASE IV	59,000
3	FT SAM HOUSTON, TX	ARMY	HOSP RPMT	23,000
2	FT SILL, OK	ARMY	HOSP PART II	54,000
R	GEILENKIRCHEN, GE	AF	2E LOG FAC	450
R	GLABBEEK, BE	AF	MED CONT COMPLEX	9,200
R	GREENHAM COMMON, UK	AF	MC/DC RPMT	8,000
1	HAHN, GE	AF	CMF ADAL	18,500
1	HIGH WYCOMBE, UK	AF	AID STATION	800
R	HUNTERS POINT, CA	NAVY	MC/DC	2,350
6	KIRTLAND, NM	AF	DC RPMT	2,550
1	LAKENHEATH, UK	AF	CMF ADAL	41,000
4	NORTH ISLAND, CA	NAVY	BRANCH CLINIC	7,200
5	PARRIS ISLAND, SC	NAVY	DENTAL CLINIC	4,300
1	STUTTGART, GE	ARMY	DISP/DC (PATCH BKS)	4,200
1	RHEIN-MAIN, GE	AF	MC/DC RPMT	12,600
6	ROBINS, GA	AF	OHC RPMT	3,600
4	SEYMOUR JOHNSON, NC	AF	L/S UPG	3,450
R	SPANGDAHLEM, GE	AF	2E LOG FAC	1,150
1	SUBIC BAY, RP	NAVY	HOSP RPMT	30,000
1	SEOUL, KO	ARMY	HOSP RPMT	56,000
1	TAEGU, KO	AF	MC RPMT	3,400
R	TORREJON, SP	AF	MED CONT COMPLEX	3,050
4	TREASURE ISLAND, CA	NAVY	MC/DC RPMT	10,800
R	TYNDALL, FL	AF	MED WRM FACILITY	800
1	WILDFLECKEN, GE	ARMY	DISP/DC RPMT	4,650
R	ZARAGOZA, SP	AF	2E LOG FAC	590
	TOTAL			414,240

DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

FY 90

PC	LOCATION	SERVICE	DESCRIPTION	P.A. ($000)
6	ANDREWS, MD	AF	CLINIC ANNEX	2,200
6	ANDREWS, MD	AF	MED LOG FAC	3,700
R	AVIANO, IT	AF	2E LOG FAC	1,000
1	BAUMHOLDER, GE	ARMY	DENTAL CLINIC	3,400
1	BITBURG, GE	AF	CMF ADAL	27,600
1	CAMP GARY OWEN,KO	ARMY	TRP AID STN CLINIC	1,500
R	CHANUTE, IL	AF	MED WRM FACILITY	370
R	CLARK, RP	AF	MED CONT FACILITY	9,200
4	CAMP LEJEUNE, NC	NAVY	COURTHOUSE BAY TMC	3,100
1	CUBI POINT, RP	NAVY	MC/DC	3,400
1	EDZELL, UK	NAVY	MC/DC	1,200
R	EVERETT, WA	NAVY	MC/DC	10,000
R	FLEET HOSP	NAVY	SERIAL 7&22	11,100
R	FLEET HOSP	NAVY	SERIAL 09	9,600
R	FLEET HOSP	NAVY	SERIAL 10	11,800
R	FLEET HOSP	NAVY	SERIAL 14	6,800
R	FLEET HOSP	NAVY	SERIAL 16	8,000
R	FLEET HOSP	NAVY	SERIAL 23	21,200
3	FT LEWIS, WA	ARMY	MAMC PHASE 5	23,800
3	*FT SAM HOUSTON	ARMY	HOSPITAL RPMT	50,000
1	FRIEDBERG, GE	ARMY	DISP/DC	3,500
1	GUAM, MI	NAVY	HOSPITAL RPMT	62,000
6	HICKAM, HI	AF	MC/DC ADAL	10,600
4	HURLBURT, FL	AF	MC/DC RPMT	5,000
1	KUNSAN, KO	AF	CMF ADAL	12,000
1	LANDSTUHL, GE	ARMY	10th MED LAB	26,700
4	MARCH, CA	AF	MED LOG FAC	2,600
3	PORTSMOUTH, VA	NAVY	HOSPITAL PHASE 1	25,000
1	SCHWABSCH GMUND,GE	ARMY	DISP/DC	2,400
R	STATEN ISLAND, NY	NAVY	MC/DC ADAL	16,400
R	TBD, ITALY (NORTH)	AF	MED CONT FAC	5,413
R	TBD, ITALY (SOUTH)	AF	MED CONT FAC	5,490
R	TBD, NETHERLANDS	AF	MED CONT FAC	7,000
R	TBD, PORTUGAL	AF	MED CONT FAC	7,000
2	*29 PALMS, CA	NAVY	HOSP/DC RPMT	30,000
R	UNITED KINGDOM	ARMY	CONTINGENCY HOSP	7,000
	VAR LOC		L/S UPG	9,958
4	PLATTSBURGH, NY	AF	L/S UPG	
1	ROOSEVELT RDS,PR	NAVY	L/S UPG	
1	VICENZA, IT	ARMY	HOSP RPMT	23,600
3	WRAMC, DC	ARMY	MRI ADAL	2,400
	TOTAL			473,031

*ASD(HA) BUDGET COMMITMENT.

DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

FY 91

PC	LOCATION	SER-VICE	DESCRIPTION	P.A. ($000)
3	*AFIP, DC	ARMY	ADDITION	39,800
4	CAMP LEJEUNE, NC	NAVY	NEW RIVER TRP CLINIC	3,100
2	CHERRY POINT, NC	NAVY	CHCC	15,300
2	EL CENTRO, CA	NAVY	MEDICAL CLINIC	1,500
4	ELMENDORF, AK	AF	CMF ADAL	30,000
2	FALLON, NV	NAVY	MC/DC	5,300
R	FLEET HOSP	NAVY	SERIAL 13	11,600
5	FT BENNING, GA	ARMY	TMC	2,500
4	FT BRAGG, NC	ARMY	TMC 82D	6,200
4	FT HOOD, TX	ARMY	TMC	3,500
4	FT RILEY, KS	ARMY	TMC	4,900
3	*FT SAM HOUSTON, TX	ARMY	HOSPITAL RPMT	52,000
2	FT SILL, OK	ARMY	TMC	1,800
1	FRANKFURT, GE	ARMY	EFM CLINIC	3,700
1	GUAM, MI	NAVY	MC/DC	3,500
1	HOHENFELS, GE	ARMY	DISP/DC	3,900
4	HOMESTEAD, FL	AF	CMF RPMT	49,600
5	LACKLAND, TX	AF	TRNG CTR ADAL	4,100
3	LACKLAND, TX	AF	MRI ADAL	4,900
4	NELLIS, NV	AF	CMF/DC RPMT	60,500
6	PATRICK, FL	AF	DC RPMT	2,800
3	PORTSMOUTH, VA	NAVY	HOSP RPMT PHASE II	75,000
6	PORTSMOUTH, NH	NAVY	CLINIC	8,600
5	QUANTICO, VA	NAVY	OCS CLINIC	2,600
1	RAMSTEIN, GE	AF	MC/DC RPMT	11,500
3	SAN ANTONIO SUPPORT, TX	A/AF	SUPPORT FACILITIES	12,000
1	SAN MIGUEL, RP	NAVY	MC/DC	3,900
1	STUTTGART, GE	ARMY	HOSPITAL RPMT	32,700
1	TAEGU, KO	ARMY	CLINIC	5,000
1	TBD, SP (NORTH)	AF	CONT MED FACILITY	8,000
1	TBD, SP (SOUTH)	AF	CONT MED FACILITY	8,191
6	TINKER, OK	AF	OHC RPMT	5,200
	VAR LOC	AF	L/S UPG	10,500
4	GRISSOM, IN	AF	L/S UPG	
4	MACDILL, FL	AF	L/S UPG	
	TOTAL			$493,691

*ASD(HA) BUDGET COMMITMENT.

DEFENSE MEDICAL MILITARY CONSTRUCTION PROGRAM

FY 92

PC	LOCATION	SERVICE	DESCRIPTION	P.A. ($000)
2	ADAK, AK	NAVY	HOSPITAL RPMT	8,000
2	BEAUFORT, SC	NAVY	HOSPITAL ADAL	19,000
1	BERMUDA	NAVY	MC/DC	5,800
1	BETTS KASERNE, GE	ARMY	DENTAL CLINIC	7,000
4	BLYTHEVILLE, AR	AF	CMF ADAL	24,000
4	CAMP LEJEUNE, NC	NAVY	MC/DC (HADNOT)	8,000
4	CAMP LEJEUNE, NC	NAVY	MC/DC (JOHNSON)	6,100
4	CAMP PENDLETON, CA	NAVY	CLINICS	10,700
4	DAM NECK, VA	NAVY	MC/DC	2,400
4	DYESS, TX	AF	CMF ADAL	22,000
4	ELMENDORF, AK	AF	CMF ADAL	40,000
R	FLEET HOSP	NAVY	SERIAL 17	11,600
4	FT BRAGG, NC	ARMY	HOSPITAL RPMT	82,000
1	FT BUCHANAN, PR	ARMY	HEALTH/DENTAL CLINIC	1,300
4	FT CAMPBELL, KY	ARMY	TMC	5,000
5	FT GORDON, GA	ARMY	CIF	900
1	GUAM, MI	NAVY	MC/DC	3,000
2	HOLLOMAN, NM	AF	CMF/DC ADAL	15,000
4	KEY WEST, FL	NAVY	MC/DC	10,200
1	KIRCHGOENS, GE	ARMY	DISP/DC	3,400
1	LAJES, AZORES	AF	CMF ADAL	12,000
1	LANDSTUHL, GE	ARMY	NURSING TOWER	30,000
2	LEMOORE, CA	NAVY	HOSPITAL ADAL	19,800
4	MIRAMAR, CA	NAVY	MC ADAL	10,000
5	NEWPORT, RI	NAVY	CHCC	15,500
3	PORTSMOUTH, VA	NAVY	HOSPITAL PHASE III	70,000
5	QUANTICO, VA	NAVY	CHCC	15,900
1	ROOSEVELT ROADS, PR	NAVY	DC ADAL	3,000
5	SAN DIEGO, CA	NAVY	MC/DC	16,600
1	SPANGDAHLEM, GE	AF	MC/DC ADAL	15,000
1	SUBIC BAY, RP	NAVY	MC/DC	2,000
1	TORREJON, SP	AF	CMF ADAL	10,000
1	VARIOUS KOREA	ARMY	MC/DC	5,300
	VARIOUS LOCATION		L/S UPG	11,293
4	CANNON, NM	AF	L/S UPG	
6	CHANUTE, IL	AF	L/S UPG	
	TOTAL			$521,793

LEGEND

ADAL- Addition Alteration
ARM SVCS BLOOD WHSE- Armed Services Whole Blood Processing Warehouse
CHCC- Comprehensive Health Care Center
CIF- Clinical Investigation Facility
CMF- Composite Medical Facility
DC- Dental Clinic
DISP- Dispensary
EFM- Exceptional Family Member
FAC- Facility
HOSP- Hospital
HADNOT- Hadnot Point, Camp Lejeune, NC
JFIP- Japanese Facility Improvement Program
JOHNSON- Camp Johnson, Camp Lejeune, NC
L/S UPG- Life Safety Upgrade
LOG FAC- Logistics Facility
MAMC- Madigan Army Medical Center
MRI- Magnetic Resonance Imaging
MC- Medical Clinic
MED CONT- Medical Contingency Complex
MED LAB- Medical Laboratory
OCS- Officer Candidate School
OHC- Occupational Health Clinic
PC- Prioritization Category
RPMT- Replacement
2E- Second Echelon
SITE PREP- Site Preparation
TBD- To Be Determined
TRNG CTR- Training Center
TRP AID STN- Troop Aid Station
TMC- Troop Medical Clinic
VAR LOC- Various Locations
WRM- War Reserve Materiel

MILITARY HEALTH SERVICES SYSTEM (MHSS)

PRIORITIZATION CATEGORIES

CATEGORY	TITLE
R	READINESS PREPOSITIONING
1	OVERSEAS FACILITIES
2	MEDICALLY UNDERSERVED
3	GRADUATE MEDICAL EDUCATION
4	OPERATIONAL
5	COMBAT TRAINING, BASIC TRAINING
6	ALL OTHER FACILITIES

SUBMITTED QUESTIONS

Senator SASSER. All right, Mr. Secretary. We appreciate very much your appearing here this morning and giving us your views as a representative of the Department of Defense. I may have additional questions which I would like to submit for the record at a later date.

Mr. DOWERY. Thank you very much, sir.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Sasser

Question: What is the current NATO policy concerning the national responsibilities for contingency medical care and sharing of resources among the allies?

Answer: The statement that "Under existing NATO STANAGs and U.S. European Command policies, medical care capabilities will be shared among allies to the maximum extent possible" is not valid. Our research was not able to uncover any such NATO STANAG. The NATO logistics policy on medical planning and programming does state that "Nations are responsible for the provision of medical support and equipment for the forces they allot to NATO." We do not now, nor have we ever, planned for the care of allied casualties.

NATO operational plans do call for some U.S. area lines of responsibility to borders with those of our allies. While we do not plan to care for allied casualties, in those combat zones we could receive some allied casualties. In those cases the medical welfare of the patient would be our paramount consideration. Lifesaving and stabilization care would be provided to the patient. However, once stabilized and in accordance with NATO STANAG 2061 - Procedures for Disposition of Allied Patients by Medical Installations, the "patients will be transferred to their own national organization at the earliest practicable opportunity."

Question: In what formal manner did the Department of Defense consult with our NATO Allies prior to developing the master plan for contingency hospitals?

Answer: The Department agrees that the use of Host Nation Support (HNS) is an alternative resource to be considered in meeting our contingency requirements, and we use these resources to the maximum extent possible. If determined by the State Department to be politically feasible, those nations considered capable of providing support were provided with our wartime medical requirements. Viable host nation offers are investigated, and when formal support agreements are negotiated, their contributions are incorporated into our capability.

The Department's DEPMEDS procurement programs are geared to meet the minimum, not the maximum requirements. Unified Command initiatives to obtain increased capability through HNS programs are efforts to help reach the maximum requirements and should not be utilized to reduce the program.

Question: To what extent did the United States' planning effort take into consideration allied medical facilities which would be available for care of U.S. casualties?

Answer: HNS does provide advantages in the early phases of a war; however, attaining reasonably assured host nation support is not a simple task. When it is appropriate, offsets to DEPMEDS, and other procurement programs, will be made. It is not, however, appropriate to make any such reductions at this time for the DEPMEDS program.

It must be kept in mind that host nations also have primary responsibility for their own combat casualties. Because of this, all existing HNS agreements for rendering care are for interim periods only. In the United Kingdom (UK), for example, the agreement for HNS hospital beds in wartime is for only a short

interim period. The purpose of the UK beds is to allow the U.S. a buffer until a sufficient number of the contingency hospitals can be made operational.

The draft NATO Section of the Worldwide Plan for Medical Mobilization and Contingency Facilities addresses the maximum requirements of the theater and indicates how the Department plans to provide the required capability (DEPMEDS, Fixed Facilities and HNS). The plan reflects the extent to which joint service sharing of facilities can be utilized. The plan lays out the NATO theater bed requirements (developed using the USEUCOM evacuation policy), the FY 1992 total theater capability, including HNS, that will be available. In reviewing the numbers it is clearly evident that the CINC operational requirements greatly exceed the Services program, even with the interim HNS beds. However, when the interim HNS beds are no longer available for U.S. use, capability falls to less than 60% of the theater requirement.

Question: What is the policy of the Department of Defense with regard to seeking allied financial assistance for the construction of contingency hospital facilities?

Answer: The Department of Defense is currently seeking to establish NATO Infrastructure eligibility for contingency medical facilities under the Reinforcement Support Category. This eligibility must be established through formal infrastructure procedures that require concurrence by all NATO members. We are also seeking funding under the Japanese Facilities Improvement Program (JFIP). We hope to report the first success in this program with the funding a Navy Fleet Hospital at Sasebo in JFIP-1988.

Question: Have NATO Infrastructure funds been sought for previously approved contingency hospital projects?

Answer: No military construction supported hospital contingency projects in Europe have been approved by the United States. Therefore, infrastructure funding has not been sought.

Question: Has the United States been reimbursed by NATO for any prefinanced contingency hospital projects?

Answer: No contingency hospitals have been prefinanced so there is no basis for requesting reimbursement at this time.

Question: For the Belgium project and the remaining projects programmed in the five year defense plan, what will be the process to be followed by the U.S. Department of Defense with regard to seeking increased allied-burden sharing?

Answer: Construction of medical contingency facilities is intended to support the timely employment of standardized DEPMEDS equipment and supplies. Each project is tailored to the Service's concept of medical contingency operations at a specific location. These projects are critical to our ability to defend Western Europe. The funding issue must be resolved in a manner that does not delay the availability of this capability. Therefore, projects supported by the Theater Commander and the Assistant Secretary of Defense for Health Affairs in the Worldwide Plan for Medical Mobilization and Contingency Facilities will be submitted to the Congress for funding in the Defense Medical Military Construction Budget. The

Commander-in-Chief U.S. Forces Europe (EUCOM) will submit precautionary prefinancing statements to the NATO Progress and Payments Committee to protect any future possibility for recoupment while the issue of eligibility is resolved.

EUCOM is actively pursuing eligibility for all contingency medical facilities through NATO procedures under the reinforcement support category. Eligibility would allow for the recoupment of a significant portion of the cost of these facilities. Once eligibility is established, recoupment cannot take place until the NATO commanders determine the particular year to fund these facility projects. It is not anticipated under current funding levels that this funding will be available until the mid 1990s. These projects are so critical that they cannot wait for resolution of this eligibility issue. Under this procedure, the U.S. financial position is protected while these critical facilities and the contingency medical support they provide will be in place at the earliest possible date.

Question: What is DoD policy with regard to seeking host nation support for contingency hospital projects?

Answer: In those areas where U.S. owned health care services and facilities are insufficient, Department policy requires the maximum use of the assistance and resources of foreign nations to preposition U.S. medical materiel and to provide medical care for U.S. casualties. Negotiation and management of HNS arrangements are primarily a function and responsibility of the Chairman, Joint Chiefs of Staff (CJCS) and Theater Commanders. The ASD(HA) implements DoD policy by assisting in negotiations and agreements with foreign nations and provides oversight to the degree necessary to respond to congressional and other inquiries related to HNS.

The number of countries that may be candidates for provision of HNS is limited by political considerations, available resources, and the country's geographic location in relation to our operational requirements. In those countries where the quality of medical care meets U.S. standards, we attempt to establish medical care arrangements (i.e., use of personnel, equipment and supplies, usually in existing facilities). Because of the anticipated wartime demands of the host country's military and civilian populace, the arrangements are of an interim nature, pending establishment of U.S. military deployed or prepositioned hospitals. In addition, consideration must be given to the amount of HNS dependency the U.S. can sustain before critical mission elements are compromised. The priorities for HNS medical agreements are:

- Direct care through the use of the host nation's medical personnel, equipment, and supplies in military or civilian hospitals.
- Existing vacant buildings for conversion to wartime or crisis medical use.
- Existing, occupied buildings which may be vacated in wartime (e.g., schools and barracks).
- Land suitable for building or prepositioning.
- Other (e.g., support services, supplies).

Most medical HNS arrangements pertain to the prepositioning of U.S. supplies and equipment and, accordingly, involve the provision of services, facilities, and land.

The advantages of host nation medical support are obvious to most; however, there are also limitations which are not always well recognized. We should not place undue reliance upon host nation medical support for the following reasons:

- Host nation support can be withdrawn as quickly as it is provided.

- Dependency can lead to vulnerability. Every nation's first priority is to its own forces. In a major conventional war, the host nation may require all of its available medical capability for its sole use.

- Most host nation medical support is provided on an interim basis until U.S. medical support can be deployed from the U.S. to the theater.

- Deployable medical systems are programmed as the minimum requirement for medical support of operational forces. Any move to cut funding for deployable medical systems could lead to increased morbidity and mortality of U.S. combat forces because host nation medical support is not available at these levels.

Question: What specific host nation support has been provided in each of the contingency hospital construction projects previously approved?

Answer: As previously stated, no contingency hospital projects have been approved for Military Construction funding in Europe. However, a definitive accounting of HNS medical agreements is included in the classified enclosure.

Question: For the Belgium project and remaining projects in the FYDP, what specific host nation support will be sought?

Answer: The maximum possible host nation support will be sought. This includes land, buildings of opportunity, host nation capability, and any reasonably available financial support. Again, due to the critical nature of the capability these facilities provide, we should not delay their funding while we seek specific levels of host nation financial support.

Question: With regard to the Patriot Missile Offset Program, I would like to know the specifics of how this program operates. What are each of the medical projects which will be funded from this program?

Answer: The Patriot Missile Offset Program is addressed in the agreement in principle between the Assistant Secretary of Defense for International Policy in the U.S. Department of Defense and the State Secretary for Defense of the Ministry of Defense of the Netherlands on cooperative measures for enhancing the air defense for Central Europe. A copy of the Agreement is enclosed along with a copy of the rules for its implementation.

Under this Agreement, the Government of the Netherlands (GON) will acquire a specified number of Patriot fire units. Under Section 21(e)(1) of the U.S. Arms Export Control Act, DoD is required to include appropriate charges for recoupment of a proportionate share of any nonrecurring costs of research, development, and production of Foreign Military Sales of Major Defense Equipment such as the Patriot fire units. Section 21(e)(2) for this same Act provides that the President may reduce

or waive the appropriate charges for such sales, which if made, would result in significant advances of United States Government (USG) interests in NATO standardization. The Agreement with the GON includes such a waiver. Since it is DoD policy that the granting of such a waiver be based on the extent of reciprocity afforded to the USG, in addition to advancing NATO standardization interests, paragraph 3c of that Agreement requires the GON to provide $33 million, in constant dollars, in manpower, and services within the Netherlands.

There are two medical contingency projects included in the $33 million being provided by the GON over a ten-year period. One is for construction of a storage facility, modification to some existing buildings and lease costs to support a Contingency Hospital at Naarden, Netherlands. The other includes modification of existing facilities and lease costs to support a Contingency Hospital at de Beitel, Netherlands. Funds will be provided to cover these expenses over the period 1987-1994 in the amount of $5.5 million for Naarden and $10 million for de Beitel.

Question: What military construction projects, other than medical facilities, have been or are being programmed to utilize the Patriot pay-back funding mechanism?

Answer: The GON has not agreed to finance any other construction projects as a component of the Patriot Missile Program.

Question: The Committee believes that construction projects, regardless of the funding source, should be submitted to the four oversight committees of the Congress before being undertaken.

Answer: The Department of Defense Appropriations Act requires that the Congressional Committees on appropriations be notified in advance of waivers of U.S. nonrecurring cost recoupments required to be assessed under Section 21(e) of the AECA. This advance notification was provided for the Netherlands Patriot Program. Additionally, quarterly reports are provided to the Speaker of the House of Representatives, and the Chairman of the Senate Committee on Foreign Relations. Recently, the GAO reviewed the DoD policy regarding the reciprocal benefits of such waivers and did not recommend further Congressional reporting. Additional reporting of the specific content of the reciprocal agreements being considered could severely restrict sensitive DoD negotiations and could negate the DoD ability to obtain foreign agreement to such reciprocity.

FAMILY SUPPORT, EDUCATION, AND SAFETY

STATEMENT OF BARBARA SPYRIDON POPE, DEPUTY ASSISTANT SECRETARY OF DEFENSE, FAMILY SUPPORT, EDUCATION, AND SAFETY, OFFICE OF THE ASSISTANT SECRETARY FOR DEFENSE, FORCE MANAGEMENT AND PERSONNEL

ACCOMPANIED BY:
HECTOR NEVAREZ, DIRECTOR OF SECTION 6 SCHOOLS
TERRENCE TREPAL, CHIEF, LOGISTICS DIVISION, OVERSEAS SCHOOLS

Senator SASSER. Now our next witness this morning will be Ms. Barbara Pope, the Deputy Assistant Secretary of Defense for Family Support, Education, and Safety.

Ms. Pope, we welcome you before the subcommittee this morning. I would ask you to identify your colleagues who are with you this morning.

Ms. POPE. I would be glad to.

Thank you, Mr. Chairman. On my right is Hector Nevarez, who is my Director responsible for the section 6 schools, and on my left is Terrence Trepal, who is the Chief of the Logistics Division for the Overseas Schools.

Senator SASSER. Well, Ms. Pope, I think you are going to find that the subcommittee will strongly support quality-of-life projects for our service personnel and their families. It is my view that, as demographics change, as it becomes more difficult to attract personnel to the military service, quality-of-life projects are very important. And, of course, family support projects are becoming more and more important.

I do not think our service personnel ought to be forced to choose between family life and service for the country. So I do believe that your area of jurisdiction is very important to us.

You may proceed as you wish this morning.

Ms. POPE. Thank you, Mr. Chairman. I could not agree more with your comments.

I appreciate the opportunity to appear before you today. I do have a comprehensive statement that I would like to submit for the record, and also to provide the committee with some photographs of our existing schools.

Since 1986, we have had a growing problem with our overseas school construction. With dropping currency rates and congressional cuts, our school construction program began to suffer. Many of our children attend schools and facilities that were never designed as schools. Instead, they were designed for offices, troop barracks, stockades, clubs, and even warehouses.

Many were supposedly temporary structures such as the corrugated tin huts used during the 1967 relocation of United States forces from France. Most have long ago exceeded their usefulness. Maintenance and repairs are no longer practical or cost effective on these buildings. Many of these makeshift facilities place our dependents in schools which would be unsafe and substandard in the United States.

Classes are held not only in portable and leased facilities, often miles from the main school buildings, but in basements, bathrooms, closets, stairwells, hallways, and storerooms which have been converted into classrooms, offices, teaching stations, where counselors and specialists can work with children.

Hallways are also being used for lunchrooms. Major electrical problems exist in some facilities creating unsafe classrooms. Leaky roofs and corroded walls allow mold and mildew to grow throughout some classes. Valuable equipment and supplies have been ruined by water damage at these leaky facilities.

In some buildings, there are old, inefficient heating systems where students have to wear coats and gloves during winter classes. Playgrounds, cafeterias, libraries, gymnasiums that are common to schools in the United States are unavailable at many of our overseas sites.

With the support of this committee, the Department of Defense hopes to correct these deficiencies, reduce the backlog of school construction, and provide a safe and suitable education environment for our children while their parents are serving our country overseas.

Our fiscal year 1988–89 military construction request for section 6 in Department of Defense Dependent Schools [DODDS] of $137.7 million represents only a part of our backlog in school construction. There are three projects being submitted for section 6 schools in the 1988–89 Milcon request totaling $15.8 million. These projects include an addition at the existing school at Hanscom Air Force Base in Massachusetts, a new middle school, and a new air-conditioning system at the elementary school both at Fort Buchanan in Puerto Rico.

Approximately one-half of the 23 proposed military construction projects are overseas schools that have been included in our fiscal year 1988 and 1989 budget and are projects that Congress authorized and appropriated in fiscal years 1986 or 1987. Due to general reductions in appropriations, the Gramm-Rudman-Hollings Act, and drastic decline of the dollar relative to foreign currencies, many of these projects could not be financed with available funding.

Now the cost to satisfy these same construction requirements is considerably greater. This is a problem that will take both the efforts of our Department and the Congress to resolve. Unfortunately, while the primary cause of the problem that we are talking about is economic, the effect on our children is physical, impacting their health and safety and emotionally impacting their learning and their quality of life.

The children in our DOD schools are there through no choice of their own and deserve better.

Thank you for the opportunity to appear before you today.

[The statement follows:]

PREPARED STATEMENT

Barbara Spyridon Pope
Deputy Assistant Secretary of Defense
(Family Support, Education and Safety)

Mr. Chairman and Members of the Committee:

I am Barbara Spyridon Pope, Deputy Assistant Secretary of Defense for Family Support, Education and Safety.

I am pleased to have the opportunity to appear before you today to present the FY 88/89 Military Construction (MILCON) Program for the Department of Defense Dependents Schools (DoDDS).

Department of Defense (DoD) school construction projects have been included under Title IV (Defense Agencies) in the annual DoD MILCON Program since FY 79.

DoDDS has 270 schools located in 20 countries, to serve the 154,000 DoD students overseas. Many of the schools overseas were established over the past 37 years in temporary, converted, and make-do facilities and, in many situations, remain inadequate for the provision of a quality education for DoD dependents. Military construction funding has improved this situation. However, many of the projects which were authorized, and for which funds were appropriated, in FY 86 and FY 87 could not be accomplished with the available appropriations. Although this was due to the cumulative effect of a general reduction, the Gramm-Rudman-Hollings Act, and foreign currency fluctuation, the decline in the value of the U.S. dollar relative to the currencies that are used to pay for the construction contracts was the principal factor responsible for this situation. Consequently, several of the projects in this FY 88/89 budget submission are projects which have been authorized by Congress in FY 86 or FY 87.

Summaries of the status of the FY 86 and FY 87 overseas school construction programs are depicted on the charts at exhibits 1 and 2 respectively. If we allow for the fact that we were able to accomplish one of the projects for which military construction funds were appropriated in FY 86 with Operations and Maintenance funds, the chart at exhibit 3 shows that 21 projects were approved by Congress for overseas school construction, and the amount of appropriations currently available will permit us to execute only 12 of those 21 projects. The 9 remaining projects were deferred to subsequent fiscal years. Similarly, in FY 87, although 20 projects were authorized by Congress, appropriations were made available to finance the construction of only 8 of those projects. With the decline in the value of the dollar vis-a-vis various foreign currencies, those appropriations are now adequate to finance only 5 of those 8 projects. As the chart at exhibit 3 indicates, not only did 8 of the projects deferred from FY 86 and FY 87 reappear in the FY 88/89 budget submission, but 4 of those approved FY 86 and FY 87 projects had to be deferred beyond FY 89.

Annotated listings of the FY88 and FY 89 school construction projects are at exhibits 4 and 5 respectively. Those listings indicate which projects are being resubmitted even though they were already approved by Congress in FY 86 and FY 87. They also show which projects are necessary to accommodate the dependents of personnel assigned to units that will be required to be in place in conjunction with the installation of a new weapons system.

It is the position of the DoD that existing substandard, overcrowded, unsafe, and unhealthy school facilities should be upgraded or replaced as rapidly as feasible, and that timely, adequate, new facilities should be provided to support new troop missions.

The DoD request for FY 88 includes $54,112,000 for the construction of 12 school projects in 4 countries, and $67,763,000 for 11 projects in 6 countries for FY 89. These projects will provide new schools, major additions to existing schools, and renovation of existing facilities.

The Section 6 Schools program provides a comparable free public education to children residing on Federal property in the United States where the State or local school system is unwilling or unable to do so because of legal or other constraints. The Section 6 program includes 18 school systems, 17 in the United States and one in Puerto Rico, serving a total student population of 34,000 students in 67 schools. The Section 6 Schools program also has six special arrangements located in five different states serving an additional 3,000 students.

Section 824 of the Military Construction Authorization Act, 1986, (Public Law No. 99-167), required the Secretary of Defense to submit a plan by March 1, 1986, which provides for the orderly transfer, not later than July 1, 1990, of all Section 6 Schools to the appropriate local school district of the state in which it is located. The DoD and GAO have identified the issues and options associated with the proposed transfer of Section 6 Schools in the transfer plan and the December 10, 1986, report submitted to the Congress by DoD and GAO, respectively. Moreover, the RAND Corporation is currently conducting a study of the issues in Georgia, Kentucky, and North Carolina to determine the prerequisites for transferring schools in these locations. DoD will receive an interim report by June which will stipulate conditions essential for transferring the schools.

There are three projects being submitted for Section 6 Schools in the FY 1988-89 MILCON request totaling $15,800,000. These projects involve an addition to the existing school at Hanscom AFB, Massachusetts, a new air conditioning system for the elementary school at Fort Buchanan, Puerto Rico, and a new middle school for Fort Buchanan, Puerto, Rico.

The three projects submitted are not for any of those Section 6 Schools identified in the March 1, 1986, transfer plan. Hanscom has an existing agreement and has already been transferred to the local school district. The school system of Puerto Rico provides classroom instruction in Spanish. A transfer of Section 6 Schools located in Puerto Rico to the local system would not be suitable because of the instructional language.

Your support of these badly needed school construction projects will result in the provision of adequate, acceptable school facilities which will be capable of providing the space required to maintain accreditation while they are being utilized by dependents of U.S. military and civilian personnel stationed overseas and within the United States.

I thank you for the opportunity of appearing before this committee.

5 Exhibits

Department of Defense Dependents Schools
Overseas Dependents Schools
Military Construction Program - FY 1986

Installation/ Location	Project Title (22 Projects)	Auth Cong. PA ($000)	Approp Cong. PA ($000)	G-R-H Act Reduction ($000)	Current CWE ($000) (14 Projects)
BELGIUM:					
Florennes	Elementary and High School	7,420	7,420	7,080	9,800
GERMANY:					
Babenhausen	Elementary School Addition	760	760	725	1,305
Bamberg	Elementary School Addition	3,390	3,390	3,234	Deferred to FY90-92
Bamberg	Middle and High School Addition	2,410	2,410	2,299	Deferred to FY90-92
Butzbach	Elementary School Addition	3,420	3,000	2,862	5,282
Hanau	Middle School	7,480	6,700	6,393	10,778
Heidelberg	Elementary School No. 2 Addition	1,910	1,700	1,622	3,056
Heilbronn	Elementary and Junior High School Addition	2,520	2,300	2,195	Deferred
Pirmasens	Elementary and Junior High School Addition	1,630	1,630	1,555	Deferred
Schweinfurt	Junior High School	3,930	3,930	3,750	Deferred to FY88
Sembach	Elementary School Addition	2,170	2,170	2,070	Deferred to FY88
Vilseck	Elementary School	6,680	6,680	6,374	9,510
ITALY:					
Sigonella	Elementary and High School Addition	5,360	5,360	5,114	6,060
JAPAN:					
Okinawa	High School Addition (Kadena)	300	300	286	Cancel (O&M)
KOREA:					
Osan	Elementary School Addition	2,780	2,780	2,652	2,400
Pusan	Elementary and High School Addition	1,540	1,540	1,469	Deferred to FY89
Taegu	Elementary and High School Addition	730	730	697	697
NETHERLANDS:					
Soesterberg	Elementary School	4,460	4,460	4,255	4,873
REPUBLIC OF PHILIPPINES:					
Clark Air Base	High School (Wagner)	7,190	7,190	6,860	6,200
UNITED KINGDOM:					
Bicester	Elementary School	4,570	4,570	4,360	Deferred to FY88
Upwood	Elementary School Addition	3,240	3,240	3,091	Deferred to FY88
Woodbridge	Elementary School Addition	1,060	1,060	1,013	1,078
	MAJOR CONSTRUCTION SUBTOTAL	$74,950	$73,320	$69,956	$61,039
	General Reduction by Congress	N/A	-6,660	-6,660	N/A
	FY87 Authorization Act Reduction [OASD(C)]	N/A	-1,200	-1,200	N/A
	DODDS TOTAL CONSTRUCTION	$74,950	$65,460	$62,096	$61,039

TOTAL FUNDED TO DODDS: $62,096

Department of Defense Dependents Schools
Overseas Dependents Schools
Military Construction Program - FY 1987

Installation/ Location	Project Title	Auth Conference ($000)	Approp Conference ($000)	Current CWE ($000)
BELGIUM:				
Casteau	SHAPE Elementary and High School Additions	1,260	1,260	1,805
BERMUDA:				
Bermuda	Elementary School	4,280	0	Deferred to FY89
GERMANY:				
Aschaffenburg	Elementary and Junior High School Addition	6,600	0	Deferred to FY89
Bad Kissingen	Elementary School Addition	1,330	0	Deferred to FY89
Baumholder	Smith Elementary School Addition	1,600	0	Deferred to FY89
Dexheim	Elementary School Addition	2,430	2,430	3,680
Erlangen	Elementary School Addition	3,220	0	Deferred to FY90-92
Gelnhausen	Elementary School Addition	1,130	0	Deferred to FY89
Grafenwoehr	Elementary School Addition	2,500	0	Deferred to FY90-92
Hahn	High School Addition	3,470	3,470	4,940
Heidelberg	Elementary and High School Addition	3,190	0	Deferred to FY90-92
Hessisch-Oldendorf	Elementary School	2,310	2,310	3,430
Hohenfels	Elementary School Addition	1,190	0	Deferred to FY90-92
Kaiserslautern	Elementary and High School Addition	7,880	0	Deferred to FY90-92
Nuernberg	Elementary School	8,580	8,580	11,829
Schwaebisch-Gmuend	Elementary School Addition	1,640	0	Deferred to FY88
Stuttgart	Elementary and Junior High School Addition	4,530	4,530	6,800
Wuerzburg	Middle School	7,760	7,760	Deferred to FY88
KOREA:				
Seoul	High School Upgrade	510	0	Deferred to FY90-92
NETHERLANDS:				
Woensdrecht	Elementary and High School	7,420	7,420	8,500
	MAJOR CONSTRUCTION SUBTOTAL	$72,830	$37,760	$40,984
	Reduction by OASD(C)		-100	
	DODDS TOTAL CONSTRUCTION		$37,660	

Current Anticipated Shortfall: $3,324

PROGRAM EXECUTION FY 1986/87

FY 1986	FY 1987
21 PROJECTS REQUESTED	20 PROJECTS REQUESTED
21 PROJECTS APPROVED	8 PROJECTS APPROVED
$64.5 MILLION APPROPRIATED	$37.7 MILLION APPROPRIATED
$100.0 MILLION IN CURRENT WORKING ESTIMATES	$55.5 MILLION IN CURRENT WORKING ESTIMATES
12 PROJECTS WILL BE EXECUTED	4 PROJECTS WILL BE EXECUTED
4 PROJECTS DEFERRED TO FY88	1 PROJECT DEFERRED TO FY88
1 PROJECT DEFERRED TO FY89	
4 PROJECTS DEFERRED TO FY90-92	3 PROJECTS DEFERRED TO FY90-92

FY 88

COUNTRY	PROJECT TITLE	PROGRAMMED AMOUNT ($000)	NOTES
GERMANY	BITBURG ES/HS ADDITION	2,413	PATRIOT MISSILES
GERMANY	PATCH ES ADDITION (STUTTGART)	1,530	
GERMANY	PATCH HS ADDITION (STUTTGART)	1,500	
GERMANY	SCHWAEBISCH-GMUEND ES ADDITION	1,950	
GERMANY	SCHWEINFURT JUNIOR HIGH SCHOOL	5,320	DEFERRED FROM FY 86*
GERMANY	SEMBACH ES ADDITION	2,930	DEFERRED FROM FY 86*
GERMANY	SPANGDAHLEM HIGH SCHOOL	7,300	PATRIOT MISSILES
GERMANY	WUERZBURG MIDDLE SCHOOL	10,913	DEFERRED FROM FY 87*
PHILIPPINES	O. H. PERRY ES (SAN MIGUEL)	2,960	
TURKEY	INCIRLIK ES/HS ADDITION	7,746	
UNITED KINGDOM	BICESTER ES	5,650	DEFERRED FROM FY 86*
UNITED KINGDOM	UPWOOD ES ADDITION	3,900	DEFERRED FROM FY 86*
	TOTAL	54,112	

* Authorized and Funds Appropriated by Congress.

FY 1989

COUNTRY	PROJECT TITLE	PROGRAMMED AMOUNT ($000)	NOTES
BERMUDA	ROGER B. CHAFEE ES	4,280	DEFERRED FROM FY 87**
GERMANY	ASCHAFFENBURG ES/JHS ADDITION	8,151	DEFERRED FROM FY 87**
GERMANY	BAD KISSINGEN ES ADDITION	1,620	DEFERRED FROM FY 87**
GERMANY	SMITH ES ADDITION (BAUMHOLDER)	1,940	DEFERRED FROM FY 87**
GERMANY	GELNHAUSEN ES ADDITION	1,482	DEFERRED FROM FY 87**
GERMANY	GIESSEN HS ADDITION	5,430	
GERMANY	GOEPPINGEN HS	7,200	
ITALY	NAPLES ES/HS'S	24,000	
KOREA	PUSAN ES/HS ADDITION	1,980	DEFERRED FROM FY 86*
SPAIN	TORREJON HS ADDITION	10,410	
UNITED KINGDOM	MENWITH HILL MS ADDITION	1,270	
	TOTAL	67,763	

*Authorized and Funds Appropriated by Congress

**Authorized by Congress

SUBCOMMITTEE RECESS

Senator SASSER. This concludes the open portion of our hearing this morning. At this time, we will go into a closed session to take testimony from the National Security Agency, and we will suspend until we get the room clear of all unauthorized personnel.

[Whereupon, at 11:40 a.m., Wednesday, May 6, the subcommittee was recessed, to reconvene in closed session.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, MAY 20, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD–192, Dirksen Senate Office Building, the Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Stevens, and Reid.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND LOGISTICS)

STATEMENTS OF:
HON. JOHN W. SHANNON, ASSISTANT SECRETARY OF THE ARMY
MAJ. GEN. ROBERT J. DACEY, ASSISTANT CHIEF OF ENGINEERS
BRIG. GEN. DONALD BURDICK, DIRECTOR, ARMY NATIONAL GUARD
COL. ROSS G. PICKUS, ASSISTANT DEPUTY CHIEF, ARMY RESERVE

BUDGET REQUEST

Senator SASSER. The subcommittee will come to order.

I want to apologize to the witnesses for being a little tardy this morning. We were having a meeting with Senator Glenn about some important matters. It went on longer than we anticipated, and finally, I just had to leave to get here.

This morning we will hear witnesses from the Department of the Army.

The budget request for the Army is $3.6 billion, including family housing, and military construction for the Active and Reserve components.

As we begin this morning, I think we should be mindful of the challenge that lies ahead for this subcommittee. The House Armed Services Committee has approved a no-growth budget for military construction for the coming fiscal year.

The House cut of $1.7 billion is, in my view, too excessive. The mark of the Senate Armed Services Committee appears to me to be more realistic with a cut of around $800 million. Clearly the differences be-

tween the House and Senate Armed Services Committees are very substantial.

So the services must be prepared to make their best case for a reasonable level of reduction before the authorization process, including the conference, is complete.

We are all aware the authorization bill in the Senate is tied up now on a question of extended debate. And it is not clear when this bill will be completed.

In past years, this subcommittee attempted to wait for markup until the authorization conference was complete. But if the authorization process gets bogged down and is not complete by mid-July, or after the House Appropriations completes action on the bill, then it would be my recommendation that we proceed to mark up before the August recess.

I do not want my remarks to be taken out of context. I strongly support the authorization/appropriations process for military construction. For that reason, I would not entertain an appropriation for an unauthorized project not included in the bill emerging from the Senate Armed Services Committee except under the most urgent of circumstances.

But, I believe, it is important that the appropriations process proceed. I have never supported funding military construction on continuing resolutions. And I am going to make every effort to see that it does not happen again this year.

I do understand that House Appropriations hopes to complete action on this bill by mid-July, and, once the House committee has completed action, I plan to hold an appeal hearing to permit the services and defense agencies another opportunity to give us their priorities.

CURRENCY FLUCTUATIONS

During that appeal hearing, it is also my intention to cover in some detail the problems that the services are experiencing with regard to currency fluctuation. We find the decline of the dollar is a mixed blessing.

It is our information that the decline of the dollar is resulting in a very serious problem with military construction projects overseas. And I understand the Army is having perhaps the worst difficulty with it.

Last year, this committee approved a foreign currency fluctuation account so that the savings from projects could be applied to make up for the shortfall caused by currency fluctuation.

It now appears that project savings were lower than expected, and will not be sufficient to cover the magnitude of the shortfall that is now anticipated because of currency fluctuations.

So, this morning, I want to put all the services on notice that the subcommittee will not support canceling or deferring any project appropriated for construction inside the United States simply to help make up for a currency shortfall abroad.

I hope that the services will be prepared at the appeal hearing to give us some recommendations about how best to solve this problem.

INTRODUCTION OF WITNESSES

At this point, we welcome our witnesses before the subcommittee this morning. We would defer to the Assistant Secretary of the Army, Mr. James Shannon, and I understand Secretary Shannon will be followed by the Assistant Chief of Engineers, Maj. Gen. Robert Dacey, and Brig. Gen. Donald Burdick, Director of the Army National Guard; and Col. Ross G. Pickus, the Deputy Chief of the Army Reserve.

Gentlemen, you may proceed as you wish—I assume we will go first with you, Mr. Secretary. And if you wish to defer at the outset to one of your colleagues, please do so.

RECOGNITION OF APPROPRIATIONS STAFF ASSISTANCE

Mr. SHANNON. Thank you, Mr. Chairman. We appreciate the opportunity to be here.

Mr. Chairman, I will immediately turn over to General Dacey the opportunity to present to the subcommittee the detailed Active Army plan which will be followed by General Burdick, and then Colonel Pickus will cover the Reserves.

Mr. Chairman, I would just publicly like to take the opportunity to thank you and your staff for the support you have given us in the Army to come before you and present to you our program.

We have met with your staff on numerous occasions. They have been very courteous and helpful in coming to the Pentagon and going into detail with us on some of the concerns that we have in our military construction program.

Two points I would like to make, Mr. Chairman, before I turn it over to General Dacey. As you well know, I have over 30 some years either on active duty as a soldier or as a civilian with the Army.

I have watched this Army and its facilities ever since the early 1950's, and we have made great progress in building places for soldiers to work and to live, and our industrial base and our depots.

In the past few years we have made great progress in doing that.

We do have some backlog which we continue to accumulate. But with the restraints that we had in the budget, and the funds that are being authorized and appropriated, we think that we are doing the best job we can with the help of you and your staff to put forth the best effort we can to provide the necessary facilities for the soldiers to work and live.

The Army is basically a ground-oriented force. We live and work and train and fight on the ground. So, therefore, we do pay attention to the facilities we provide for our soldiers for them to work and for them to live.

With that, Mr. Chairman, what I would like to do is have General Dacey go through the detailed program.

I would also like to take the opportunity to thank Senator Stevens for the support he has given the Army throughout the years in helping us to bring on line the Sixth Division, and the fine support and concern that Senator Reid has provided us in carrying out our program.

With that, Mr. Chairman, with your permission, I will have General Dacey go into the detailed program.

PREPARED STATEMENT OF JOHN W. SHANNON

Senator SASSER. Mr. Secretary, we have been joined by Senator Reid and Senator Stevens. I understand Senator Reid does not have an opening statement.

Senator Stevens, do you have any opening comments?

Senator STEVENS. Not today, thank you.

[The statement follows:]

PREPARED STATEMENT OF JOHN W. SHANNON

ASSISTANT SECRETARY OF THE ARMY

(INSTALLATIONS AND LOGISTICS)

Mr. Chairman, Members of the Committee, my formal statement this morning will be brief and deal only in broad terms with the Army's facilities picture and the major factors which have shaped this year's budget request. I will be followed by General Dacey, who will deal with the details of our request.

First of all, let me say that in recent years we have made considerable progress. Pretty much everywhere I go throughout the Army, I see some facilities that have been recently completed or are under construction. This has produced a tremendous beneficial impact on the morale of our people. After so many years of living and working in poor facilities, they see the progress as evidence that we really care about them as people and as professional soldiers. Much of the credit for these improvements must go to you here in the Congress.

However, despite the recent progress, we still have very serious problems, and I have to be concerned that we are losing our momentum in correcting these deficiencies. Our budget request this year is below the level I would consider adequate to prudently manage our facilities. We have established the goal of renewing or replacing all facilities, other than family housing, on the basis of a 50-year life expectancy. This is a very conservative goal. Most private businesses and quasi-public institutions use an economic life of 25 years or less. Yet, our military construction budget level does not even achieve the modest 50-year goal!

The Army was making a concerted effort to address these deficiencies. Through fiscal year 1986, in our budget requests, we were gradually ramping up the construction accounts as a percentage of the total Army budget. It was our conscious intention to continue to devote larger and larger percentages each year to construction until we would finally achieve a prudent investment level. However, beginning with fiscal year 1985, and continuing in fiscal years 1986 and 1987, our construction requests were substantially reduced by the Congress and, more significantly, the cuts in the construction accounts were proportionally higher than cuts in other segments of the budget.

Within the overall constraints of our budget, we have no alternative but to defer many valid construction projects. We have chosen to give priority to three areas. First, we are continuing to program the facilities to permit the stationing of our light infantry divisions at Fort Drum and in Alaska. Next, we are emphasizing housing for families and unaccompanied personnel because of its effect on retention. Finally, a substantial portion of our request is for the facilities necessary to support and maintain the modern equipment our troops are getting.

In closing, I would like to leave you with a couple of observations that I would ask you to keep in mind as you review our request. First, unlike the other services, the Army is essentially land oriented. We live, work, train and must be prepared to fight on a variety of terrains and under all sorts of climatic conditions. In addition, we must retain a great variety

of facilities for reserve training and mobilization. The magnitude of facilities to address this gamut of activities is very extensive. Secondly, in this country as well as overseas, the Army has basically inherited the facilities where we were when the various wars ended. We are scattered over many installations, with a great many aging facilities. Thus, our facilities costs are high.

I appreciate having had the opportunity to appear before you. This committee has been very supportive of our efforts to improve the living and working conditions for our soldiers and their families. On their behalf, I would like to thank you and let you know we deeply appreciate your support.

CORP OF ENGINEERS

STATEMENT OF MAJOR GENERAL DACEY

General DACEY. I am Major General Dacey, the Assistant Chief of Engineers for the Army. I am accompanied today by my deputy, Mr. Al Carton, and by Colonel Adams, from our Office of the Deputy Chief of Staff for Operations and Plans.

Before I begin with the details of Milcon and family housing, I understand you want a brief presentation on our Real Property Maintenance Activities [RPMA] Program, which I will address with these slides.

OMA-RPMA

Fiscal year 1988/89 budget objectives:
—Finance annual recurring requirements [ARR]
—Contain backlog of maintenance and repair [BMAR]
—Support Army initiatives

Our objective in this program is to maintain what we have, and wherever we can, to reduce the backlog of maintenance and repair that has occurred over the years; and in addition to that, to support other initiatives as they arise.

OMA-RPMA

Financial Summary

[In millions of dollars]

	Fiscal year—				
	1987	1988	1988–87	1989	1989–88
Functional accounts:					
Operation of utilities	667	695	+28	708	+13
Maintenance and repair	1,677	1,469	−208	1,635	+166
Minor construction	196	200	+4	213	+13
Engineer support	745	837	+92	879	+42
Total OMA-RPMA	3,285	3,201	−84	3,435	+234

We divide our RPMA into four accounts as shown here. The one of most concern to the Army is the maintenance and repair account, the reduction in the maintenance and repair account, which is a real reduction in buying power after adjustments for inflation and the revaluation of our currency overseas.

We had hoped to make significant improvements in our backlog of maintenance and repair [BMAR], but increased costs were caused by current eroding exchange rates, and expected BMAR reductions will not happen.

REAL PROPERTY MAINTENANCE ACTIVITIES

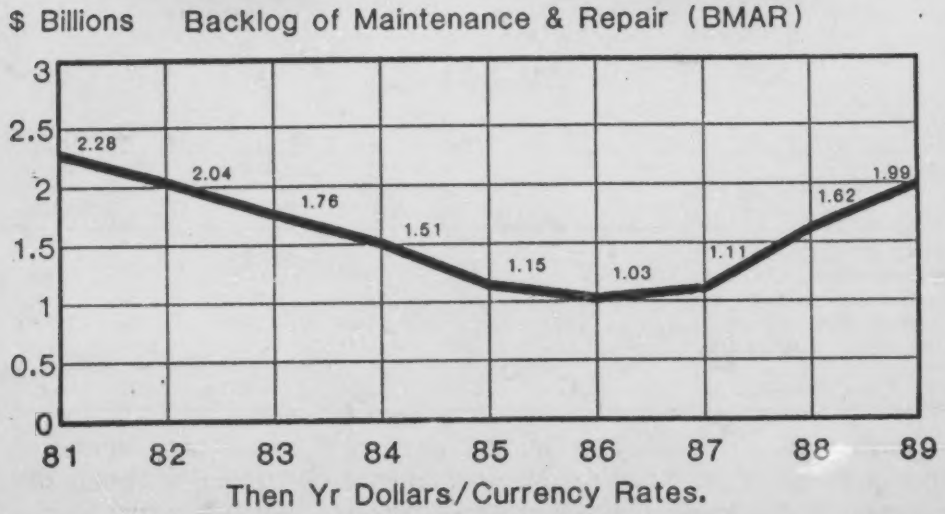
Real Growth

	1987	1988	1989
Request		$3,201,000	$3,435,000
Inflation cost		108,000	107,000
Currency cost		133,000	
Transfers		34,000	6,000
Total	$3,285,000	2,926,000	3,322,000
Real growth (percent)		-10.9	+3.8

When you look at the requests we have sent to the Congress, and you take out inflation cost and currency cost, you can see that what appears to be a modest growth is instead a loss of 11 percent, 10.9 percent in buying power in 1988; and we gain 3.8 percent of that back in 1989.

So there is a significant problem which we welcome the opportunity to address in the later hearing, sir.

OMA - RPMA



When we look at our backlog of maintenance and repair, or BMAR, we have made, with the support of the Congress, significant reductions in that backlog over the last 5 years. We had brought it down from about $2.3 billion to a point where we felt, in fiscal year 1986, we would get below $1 billion.

Because of the currency erosion, the expected BMAR reduction did not occur, and we expect that BMAR is going to grow over the next 2 years.

OMA-RPMA

Fiscal year 1988/89 budget summary: Real growth: −10.9 percent in fiscal year 1988 excluding functional transfers; +3.8 percent in fiscal year 1989 excluding functional transfers; net program change is −7.1 percent.

BMAR: Direct OMA funding cannot contain BMAR.

Outcomes: Objectives unattainable. Some facilities deterioration will occur.

As I said, with just a summary, we do not have a growth but, in buying power terms, a loss in 1988; a slight gain back in 1989. BMAR cannot be contained and will grow.

FISCAL YEAR 1988/89 MILITARY CONSTRUCTION

Army Summary

[In millions of dollars]

	1988	1989
MCA	1,413	1,487
AFH	1,739	1,875
HOA	3	2

Our Milcon program, sir, as you pointed out, is as shown here, for military construction, Army, or MCA, and for Army family housing.

MILITARY CONSTRUCTION, ARMY

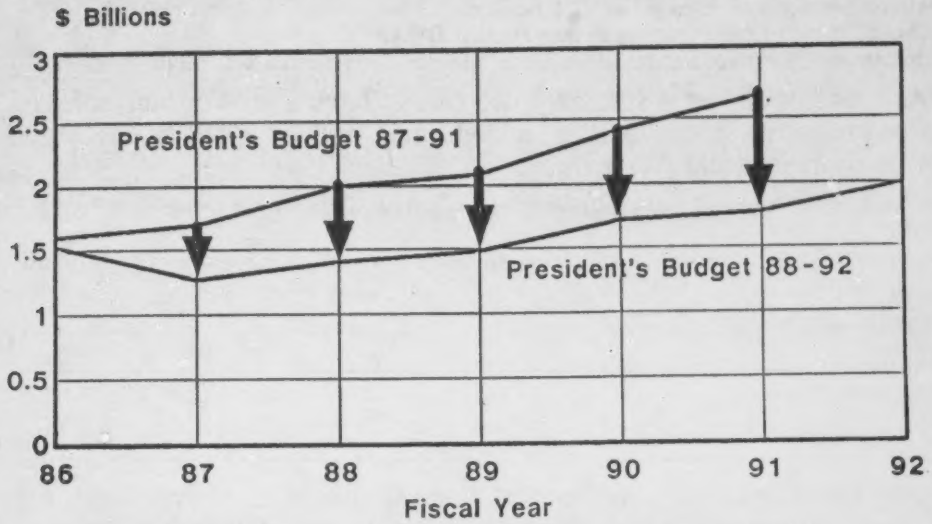
Appropriation Request

[In thousands of dollars]

	1988	1989
Appropriation request	1,191,700	1,273,300
Advance appropriation	221,000	214,000
Total	1,412,700	1,487,300

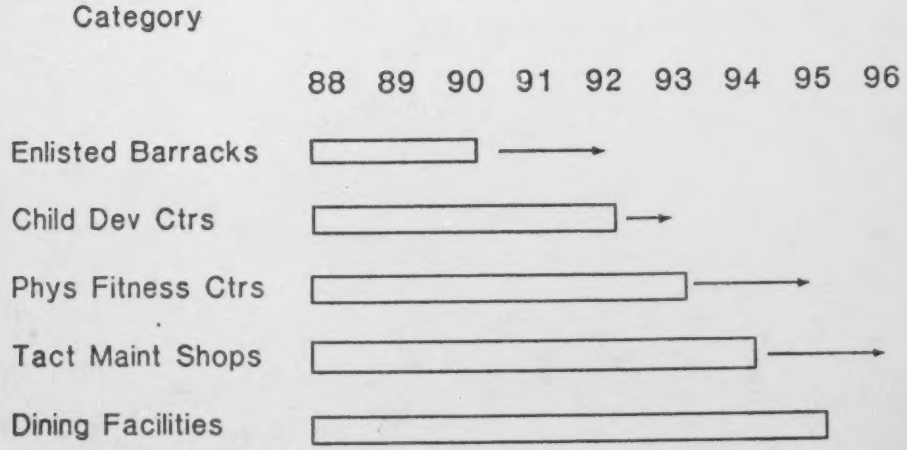
The appropriation request this year is $1.192 billion in MCA. With the advanced appropriations approved by the committee last year for the 10th Mountain Division at Fort Drum, NY, our total request would be for $1,412,700,000 in fiscal year 1988.

Military Construction, Army



The budget we presented last year, when we talked to you, is depicted on this chart on the top line. But with the fiscal constraints imposed this year, you can see that we have had to dampen significantly our appetite in the Milcon program. This equates to a $3.7 billion reduction in our request over the 5 years of the Army program.

Facility Requirement Buy-Out



I reported last year when I testified that we had hoped to buy out problems in certain areas, where we had agreed with the committees of Congress that there were problems, such as in our enlisted barracks, by certain dates.

Obviously, with the reduction in the program, those dates are slipping.

MILITARY CONSTRUCTION, ARMY

Real Growth

[In thousands of dollars]

	1987	1988	1989
Request		1,412,700	1,487,300
Inflation cost		- 49,400	- 52,100
Currency cost		- 63,350	- 65,200
Total	1,266,739	1,299,950	1,370,000
Real growth (percent)		2.6	5.3

Again, when we look at the budget request, and we take out inflation and currency cost, you can see that there is a modest 2.6 percent real growth in our fiscal year 1988 request, and a 5.3-percent growth in our fiscal year 1989 request.

This is the reality of the buying power, which you spoke to earlier, sir.

MCA PROGRAM

Inside United States v. Overseas

[Percent of program]

	1987	1988	1989
Inside United States	55	55	53
Europe	20	23	24
Pacific/other	12	12	13
Planning and design/minor	13	10	10

As we look at our program inside Conus and in overseas theaters, we see that the program is split about the way that our troops are proportioned worldwide; with over one-half the program in each fiscal year in Conus, and slightly under one-half of the program in Europe and the Pacific.

MCA PROGRAM

By Category of Facilities

[Percent of program]

	Fiscal year—		
	1987	1988	1989
Operations and training	26	15	21
Unaccompanied housing	22	16	18
Maintenance	15	24	24
Community	4	6	6
Supply and administration	7	9	8
RDTE	2	5	2
Utilities and real estate	12	14	11
Design/minor/historic	12	11	10

This chart presents specific types of facilities that we are addressing. We have tried to look at it in terms of a percentage of the program rather than dollars. Look at the program distribution.

And yes, we are maintaining our program balance. In the three major categories of operations, housing, and maintenance we are putting about the same total percentage into the program, but we are attacking certain categories that needed emphasis in different years.

So while the number of projects are not shown, we are maintaining balance in the major categories of facilities.

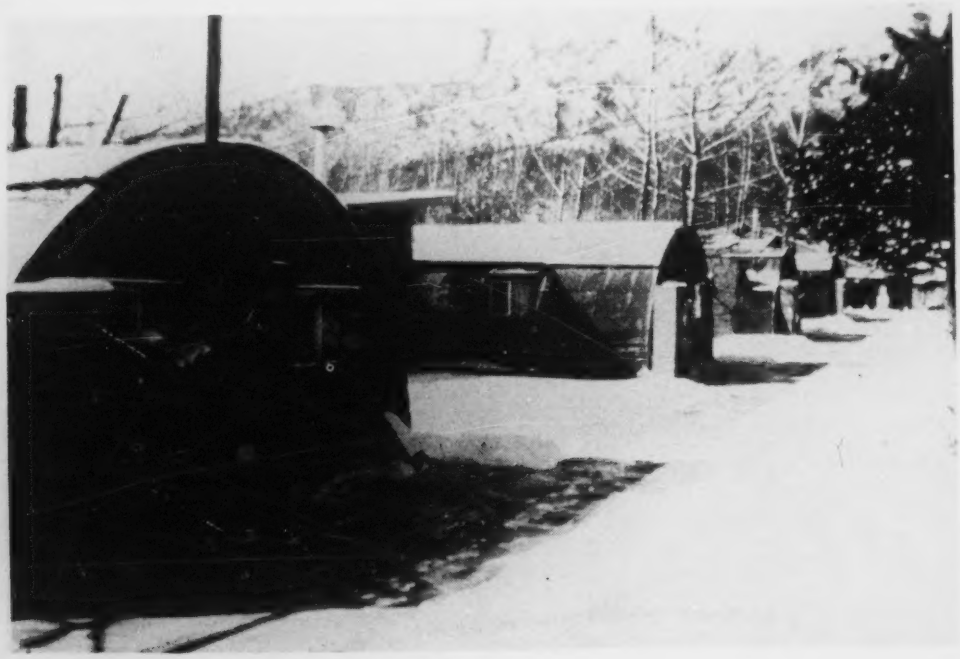
BARRACKS

Mission—Sustain Motivated, Efficient Force

	Spaces	Millions
Approved:		
Fiscal year 1986	18,212	$375
Fiscal year 1987	13,081	264
Requested:		
Fiscal year 1988	10,417	202
Fiscal year 1989	12,410	254

We show here the number of barracks spaces that will be provided for our personnel, and the costs of the program. And again, we are making significant progress each year in providing better facilities for our soldiers.

This picture is at Camp Castle in Korea, where we have a project in 1988 at $3.2 million to provide better homes for our soldiers than quonset huts.



This, also in Korea, is the type of facility we are attempting to replace.

This is at Fort Story, VA. In the upper part of the picture you can see the old World War II facilities, and in the foreground, the new facilities that our soldiers occupy; a significant improvement.

This is the type of a typical new room that we now build for our people. It is a barracks with dining facility that has recently been completed at Finthen, Germany.

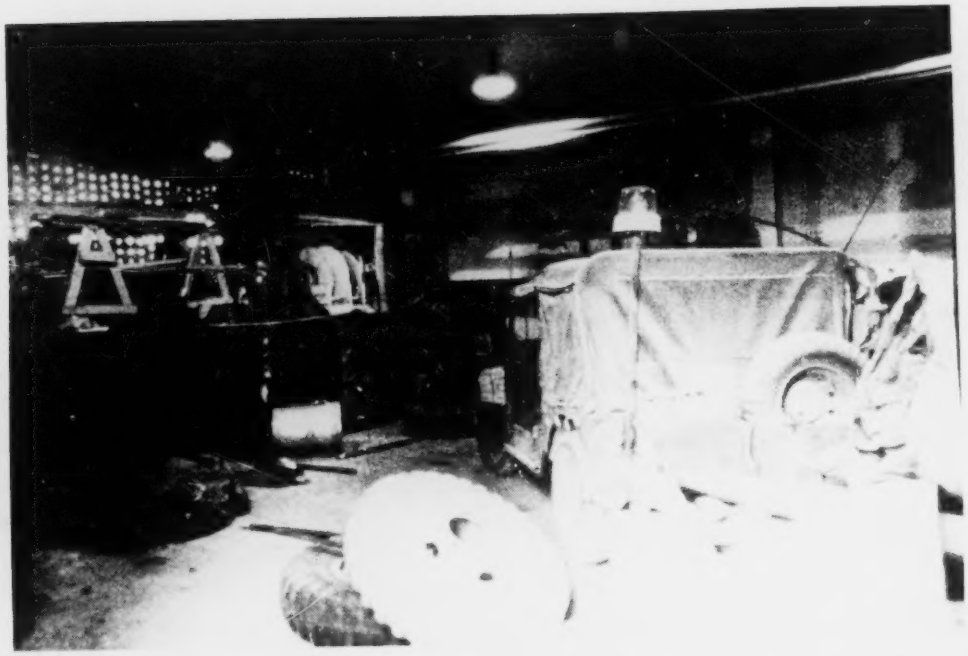
MAINTENANCE

Mission—Ensure Efficiency of Force/Protect Investment in Equipment

	Tact eq shops	Millions
Approved:		
Fiscal year 1986	44	$242
Fiscal year 1987	21	100
Requested:		
Fiscal year 1988	15	175
Fiscal year 1989	23	142

In our maintenance, we are again attacking the problems, taking on some bigger ones. As you can see, you only get 15 projects for $175 million, but this is because we have rolled some of the projects together to try and gain the economy of scale where we could.

This is Mannheim, Germany. Obviously, we need to do something about taking better care of the equipment and providing a better place for soldiers to maintain that equipment.



This is a tactical equipment shop project at Vilseck, Germany, where we are trying to provide a more adequate facility——

Senator REID. Mr. Chairman, what was that? Would you flip back one please?

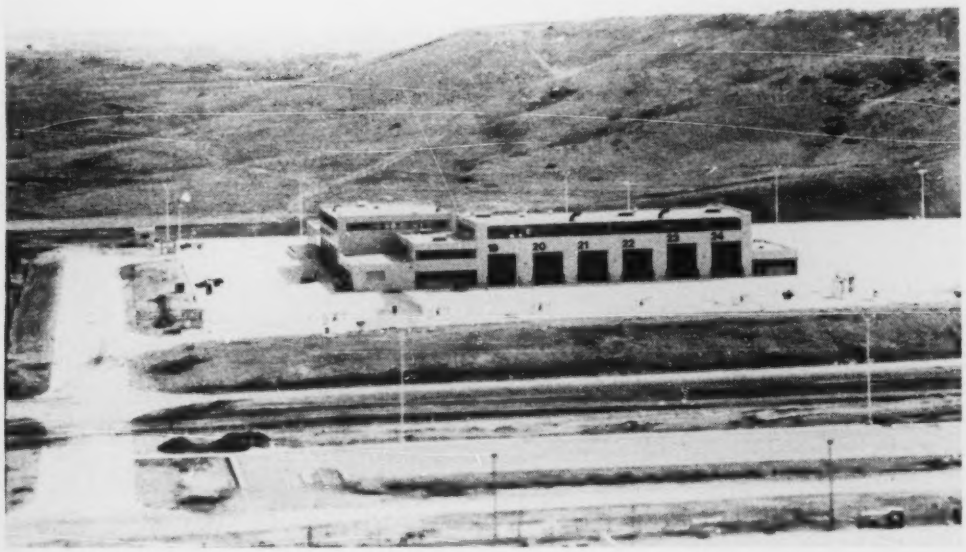
What was that you said? A better place to maintain equipment. You maintain it there; is that what you are trying to tell us?

Mr. SHANNON. The maintenance operator, sir. He has to perform this wherever we park the vehicles. More complex maintenance is performed in that motor pool. That is correct, sir.

Senator REID. OK, thank you.

General DACEY. As I said, the last slide is at Vilseck.

This is at Baumholder, Germany, where we did put in a concrete pad so they could move the vehicle to do operator maintenance, but still, the rest of the motor pool is in a very sorry condition.



This is the type of new facility we are building. This is at Fort Carson, CO. Since this picture was taken, it has been occupied by the

troops. They now have a battalion-level maintenance facility to properly operate and maintain equipment.

This is at Fort Polk, LA; it is a new airfield support facility where we can maintain the sophisticated aircraft that are being provided to our Army forces.

FITNESS AND FAMILY CARE

Mission—Retain Highly Trained, Motivated Force

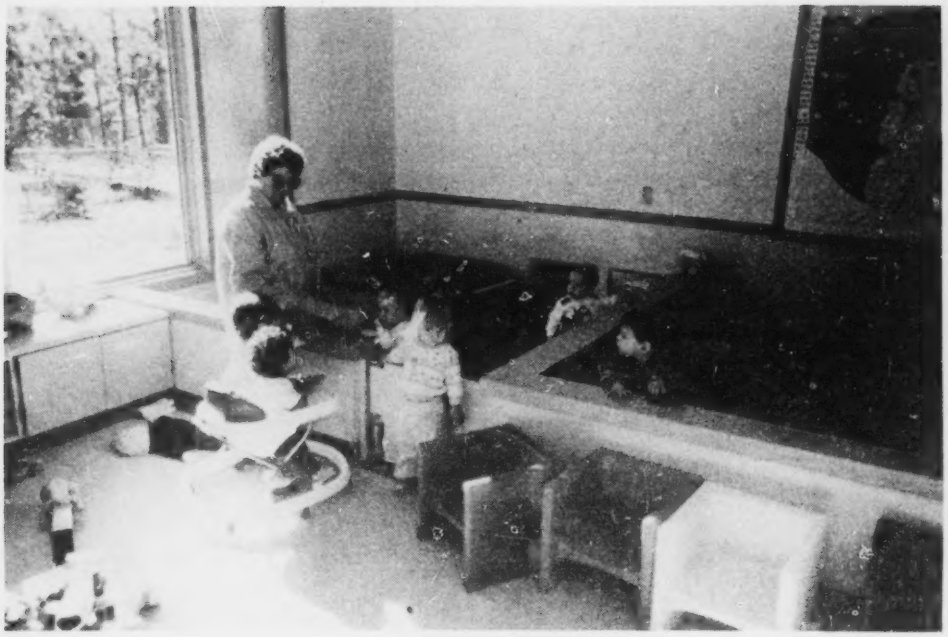
[Dollars in millions]

	Child dev. centers	Physical fitness
Approved:		
Fiscal year 1986	19/$40	5/$12
Fiscal year 1987	14/$19	4/$8
Requested:		
Fiscal year 1988	15/$41	1/$6
Fiscal year 1989	17/$35	3/$24

In the fitness and family care arena, we are continuing our goals of trying to buy out the child development centers and our physical fitness centers.

This is at Rock Island Arsenal. It is an old stable that is being used today as a child development center. We have a project to replace this with a new and modern facility.

This is an overcrowded facility that we are using currently at Camp Ederle in Italy. Again, scheduled for replacement.



This is a new center that has been built at Fort Bragg, NC, that provides sanitary and properly tailored facilities to take care of our children.

This is a physical fitness center at Fort Benjamin Harrison, IN, a completed fiscal year 1982 project, that provides a very good and much used facility for our soldiers.

MCA Summary

Appropriations Request

	In millions
Fiscal year 1988	$1,413
Fiscal year 1989	1,487

In summary, sir, that is our military construction request. And as I said, it represents a 2.6-percent real growth in fiscal year 1988, and a 5.3-percent real growth in fiscal year 1989 for military construction, Army.

[The statement follows:]

PREPARED STATEMENT OF MAJ. GEN. ROBERT J. DACEY

ASSISTANT CHIEF OF ENGINEERS

DEPARTMENT OF THE ARMY

OPENING STATEMENT

Mr. Chairman and Members of the Subcommittee. I am Major General Robert J. Dacey, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to appear before the subcommittee to present the Army's portion of the annual Military Construction Appropriation Request. The fiscal year 1988/89 request sustains efforts started in prior years to improve the operational readiness of the Army while, at the same time, providing those quality of life improvements so necessary to attract and retain dedicated individuals to service in the Army.

With the Committee's permission, I would like to talk about our facilities acquisition strategy as it effects soldiers and their families. The issue before us is how best to provide quality living and working conditions within available resources to attract, train, equip and retain soldiers.

FACILITIES ACQUISITION STRATEGY

The Military Construction, Army (MCA) program, which constitutes only 1.8 percent of the total Army budget request, is one of the principal means by which the Army pursues the goal of improving the living and working conditions of our soldiers and their families. Military construction funds finance the construction, rehabilitation or replacement of the facilities the soldiers need to live, train and maintain. Twenty-two percent of the fiscal year 1988 and twenty-three percent of the fiscal year 1989 construction requested will provide new or upgraded barracks for over 8,481 soldiers in fiscal year 1988 and 10,743 for fiscal year 1989, along with community facilities. Over fifteen percent of the fiscal year 1988 request and twenty percent of the fiscal year 1989 request provides for improved operations and training facilities such as ranges, instructional facilities, and facilities for new divisions at Fort Drum and in Alaska. Thirty-three percent of the fiscal year 1988 and 1989 request provide for improved maintenance, supply and administrative facilities.

We cannot afford to fall behind our minimum goals. We have now recognized from our experience in the 1970s that time and operations consume our facilities capital and that these costs must be paid - now or later. Paying later has required significant growth in the military construction budget. We must now attempt to maintain this position so that we can pay as we go. With your permission I would like to briefly discuss the program from our soldier's point of view, that is - how the program affects where he or she lives, works and trains.

LIVING CONDITIONS

The Army's Quality of Life Program, intended to foster improved morale and individual readiness, continues to receive widespread support in this year's request with over 22 percent in fiscal year 1988 and 23 percent in fiscal year 1989 of the total construction requests allocated to troop housing and community facilities. Troop housing and related facilities totals $306,400,000 for fiscal year 1988 and $346,100,000 for fiscal year 1989.

In the Unaccompanied Housing category, the fiscal year 1988 request contains 7,303 spaces (17 projects) new construction and 1,178 existing spaces

(three projects) for modernization. In fiscal year 1989, the budget contains 8,293 spaces (32 projects) for construction and 2,450 spaces (five projects) for modernization. At the end of fiscal year 1989, the Army will still have 35,000 unaccompanied personnel inadequately housed requiring future construction or modernization of sufficient barracks spaces for these personnel.

The Army is moving ahead to meet its commitment to soldiers and their families with due consideration to budget constraints. The Morale, Welfare and Recreation projects in the community facilities program exemplify the Army's commitment to fixing existing assets where it is cost effective to do so. New construction will utilize design standards to save construction costs.

We believe we are making progress and will continue to do so each year with the help of Congress.

Our fiscal year 1988 request includes a mix of twenty-three critically needed community facilities ($83.8 million) and twenty-seven in fiscal year 1989 ($86.1 million) that the following display describes:

COMMUNITY FACILITY PROJECTS

	FY 1988	FY 1989
Chapel & Religious Educational Facility	2	1
Chapel	1	1
Child Development/Religious Ed Center	4	2
Child Development Center	9	15
Child Development/Community Center	1	
Community Center	1	
Library	1	
Library and Education Center	1	
Military Clothing Store	1	1
Service Member Support Complex	1	
Physical Fitness Training Center	1	3
Education Center Addition		1
Emergency Services Building		1
Post Office		1
Recreation Center		1

WORKING AND TRAINING CONDITIONS

Our fiscal years 1988 and 1989 requests emphasize improving the working and training conditions of our soldiers. These two categories include $409,276,000 or 29 percent for fiscal year 1988 and $489,654,000 or 33 percent for fiscal year 1989. Our request for maintenance facilities is the largest category for both fiscal years 1988 and 1989 with $335,900,000 for fiscal year 1988 (11 projects) and $363,000,000 (16 projects) for fiscal year 1989.

Thirteen projects, totalling $73,376,000 in our fiscal year 1988 request, will provide for upgrading of existing and construction of new training facilities and ranges, and sixteen projects, totalling $126,650,000, will provide the same facilities in fiscal year 1989. Fiscal year 1989 has one production project located at Pine Bluff Arsenal, Arkansas.

GEOGRAPHICAL DISTRIBUTION HIGHLIGHTS

UNITED STATES

Our budget request inside the United States provides $764 million for fiscal year 1988 and $786 million for fiscal year 1989 in construction

projects. The projects are located at installations in 30 states and the District of Columbia for fiscal year 1988 and 26 states along with the District of Columbia for fiscal year 1989. Projects totalling more than $40 million in construction are located in each of the following states: Alaska, Massachusetts, New York and North Carolina, for fiscal year 1988; and for fiscal year 1989 North Carolina, New York and Utah.

EUROPE

Our construction program for the United States Army, Europe (USAREUR) totals $326,250,000 in fiscal year 1988 and $341,970,000 in fiscal year 1989. Except for Forces Command, which includes special funding for facilities at Fort Drum, New York, this is the largest major Army command program; however, in relation to total requirements, it is an austere program especially when considered in light of the deplorable conditions in which many of our soldiers live and work. Marked improvements have been made, thanks to the strong support of Congress and the Administration. This program will continue that momentum and provide additional substantial improvements. It represents a prudent balancing of requirements and a responsible stewardship of constrained resources.

Emphasis in the fiscal year 1988 and fiscal year 1989 program is on facility modernization, hardstand/facility upgrade, utilities support, range modernization and aircraft maintenance hangars. These facilities will not only permit the deployment of new weapons, they will also substantially improve the conditions of the areas where the soldiers spend much of their working day.

WESTERN PACIFIC

The Army continues to support its commitment in the Western Pacific with a $100,870,000 fiscal year 1988 request in support of the Eighth U.S. Army in Korea and $99,240,000 in fiscal year 1989. The U.S. Army, Japan request for fiscal year 1988 is $23,250,000 and for fiscal year 1989, $30,550,000. The majority of the Korean request is allocated to replacing the deplorable facilities used by the 2d Infantry Division, which is deployed near the Demilitarized Zone (DMZ). Less than 50 percent of our soldiers are adequately housed. Let me emphasize, that while our construction standards at these locations are austere, they are consistent with enhancing individual, unit, and equipment readiness within the realities of an unaccompanied overseas environment.

KWAJALEIN MISSILE RANGE

In the fiscal year 1988 MCA budget request, we have included $26.6 million for construction to support the Kwajalein Missile Range and for fiscal year 1989, $25.4 million. The fiscal year 1988 request contains four projects. Two projects are less than $1.0 million each. One project is for a Radar Control Facility and the other a Multi-Static Measurement System Facility. The other two projects over $1.0 million are for a Power Plant Replacement and the construction of an Aircraft Maintenance Facility. The fiscal year 1989 request contains five projects. Two are less than $1.0 million each. One project is for a Transmitter Building and the other is for the construction of Communications Equipment Buildings. The other three projects over $1.0 million are Unaccompanied Personnel Housing, Upgrade Water Storage System and construction of Dry Dock Facilities.

SPECIAL PROGRAM HIGHLIGHTS

ARMY ENVIRONMENTAL AND ENERGY PROGRAM

The fiscal year 1988 program includes a request for one pollution abatement project totalling $4.9 million. This project is for an Industrial Wastewater Treatment Facility at Tooele Army Depot, Utah. This project is

required to comply with a court decree that the Depot cease all discharges to its existing wastewater lagoon and ditches. The single fiscal year 1989 project is for an Air Pollution Control System totalling $1.3 million. This project is required to modify the discharge at an existing heating plant at Pirmasens, Germany.

BASE STRUCTURE

The Army actively and continually seeks opportunities for economies and efficiencies in its base structure. Examples of current and recent initiatives include:

- In accordance with the fiscal year 1987 Military Construction Appropriation Bill a 100 percent review of European installations was made to assess their viability for retention and to determine if any could be studied for elimination. A report was submitted to Congress in January, 1987.

- The Army is conducting a realignment study of the Army Materials Technology Laboratory at Watertown, Massachusetts. One of the alternatives is the relocation of the laboratory to Natick Research, Development, and Engineering Center, Natick, Massachusetts. A MILCON project for Materials Technology Laboratory at Natick is in the FY 1988 budget request, at a cost of $45 million, in the event that this is the preferred alternative. Another alternative under consideration is to upgrade the facilities at Watertown.

AREA ORIENTED DEPOT (AOD) MODERNIZATION

The Area Oriented Depot (AOD) modernization program will provide the Army wholesale supply system with state-of-the-art facilities capable of sustaining a high level of support to the modern Army well into the next century, both during peace and mobilization for wartime support. The AODs at Sharpe Army Depot, California; New Cumberland Army Depot, Pennsylvania; and Red River Army Depot, Texas, process 92 percent of all of the Army's materiel release orders, primarily repair parts.

Funding has been completed for the first Distribution Center Facility at Sharpe Army Depot and the last funding increment required for the second facility at New Cumberland Army Depot, Pennsylvania, is included in the fiscal year 1988 request. The third facility, at Red River Army Depot, Texas, is being considered for third party construction and operation. In fiscal year 1989, the Army budget includes $6.8 million to prepare the site and correct soil conditions for future depot construction. This work would be required one year before starting construction regardless of whether funding is by the Army or a third party.

LIGHT INFANTRY DIVISION

As part of the Army's overall program to modernize its forces, five light infantry divisions have been formed. The five divisions are being formed by converting two active component divisions (at Fort Ord, California, and in Hawaii); forming two new active component divisions (at Fort Drum, New York, and in Alaska); and, forming one new Army National Guard division (at Fort Belvoir, Virginia). The converting divisions involve minimal construction requirements. The 6th Infantry Division has been activated in Alaska using the existing 197th Infantry Brigade as a nucleus and is being split between Forts Wainwright and Richardson.

The 10th Mountain Division has been activated at Fort Drum, New York. The FY 87 Military Construction and Appropriation Acts provided total authority of $615 million for the facilities required in support of the 10th Mountain Division at Fort Drum, New York. In addition to the initial appropriation of $175 million in fiscal year 1987, the Congress provided advance authorization and advance appropriations totalling $221 million for fiscal year 1988 and $214 million for fiscal year 1989. Even though these appropriations have been approved in advance, the amounts have been included in the Army's request to reflect the dollar control totals.

Significant progress has been made at Fort Drum in the past year towards achieving the Army goal of quality facilities, in the shortest time, at the least cost to the government. A major construction effort is now underway to provide housing for families, support facilities and utilities. Proposals have been received from industry for the large MCA contract resulting from the fiscal year 1987 authorization and appropriations. Those proposals are now being evaluated and a contract award is scheduled for late April 1987.

CURRENCY REVALUATION IMPACTS

The decline of the dollar, although arguably beneficial to the country overall, is devastating to our construction program. Previous programs have been budgeted at rates has high as 2.99 DM per dollar. The contracts that have been awarded and obligated at the prior, higher rates are now actually being paid out at a much lower rate for work as it is being constructed — recently 1.82 DM per dollar,. An analysis of this impact on the fiscal year 1987 and prior authorized programs indicates a total deficit of approximately $395,000,000. The request for fiscal years 1988 and 1989 are budgeted at 2.06 DM per dollar. If the actual payout is at today's rates, we will suffer a program loss of $63,350,000 and $65,200,000 in each year.

In fiscal year 1987 a currency fluctuation account was established within the Department of Defense; however, there was no funding associated with this account and we are initially capitalizing this with the limited unobligated balances we have accrued in prior years. We will be deferring the awards of some projects this year in order to avoid an overobligation within this appropriation. I am bringing this to your attention as a problem that we may have to face, jointly, in the near future.

HISTORIC FACILITIES

Included in this budget request is a new activity for costs associated with Department of Defense Historic Facilities. This new account has been established to provide for the operation, maintenance, repair, renovation, improvement, replacement and disposal of Army facilities listed on the National Register of Historic Places. For the first years of the account, the Army has included funding requests of $6.0 million dollars in each year to allow for improvement costs. As more experience is gained in identifying the other costs in the account, they will be added to future budget requests.

BUDGET REQUEST ANALYSIS

OVERVIEW
MILITARY CONSTRUCTION, ARMY

The fiscal year 1988 MCA budget request includes a request for new authorization of $1,403,100,000 along with a companion request for total obligational authority of $1,412,700,000. The fiscal year 1989 authorization and appropriations request are the same at $1,487,300,000.

The difference in the Authorization and Appropriation requests is due to the Soldier Service Center at Fort Jackson, South Carolina, which was authorized in fiscal year 1987. No authorization is required in fiscal year 1988, but an appropriation of $9.6 million is requested. The difference in the authorization and appropriations request, by facility category, is shown below:

TABLE 1
FY 88 MCA

FACILITY CATEGORY	AUTHORIZATION ($000)	APPROPRIATION ($000)
Operations and Training	216,600	216,600
Maintenance and Production	335,900	335,900
Research, Development, Test and Evaluation	68,000	68,000
Supply & Administrative	128,500	128,500
Unaccompanied Housing	222,600	222,600
Community	74,200	83,800
Utilities & Real Estate	202,300	202,300
Design/Minor/Historic	155,000	155,000
Total	1,403,100	1,412,700

TABLE 2 shows the facility categories in which funds are requested and the percentage of the construction dollars by category.

TABLE 2 - PROPOSED FISCAL YEARS 1988/1989
MILITARY CONSTRUCTION, ARMY, PROGRAM
FACILITY CATEGORY SUMMARY

	FY 1988		FY 1989	
FACILITY CATEGORY	COST ($000)	PERCENTAGE	COST ($000)	PERCENTAGE
Operations and Training	216,600	15.3	301,100	20.2
Maintenance and Production	335,900	23.8	363,000	24.4
Research, Development, Test and Evaluation	68,000	4.8	26,000	1.8
Supply & Admin	128,500	9.1	128,100	8.6
Unaccompanied Housing	222,600	15.8	260,000	17.5
Community	83,800	5.9	86,100	5.8
Utilities & Real Estate	202,300	14.3	169,000	11.4
Design/Minor/Historic	155,000	11.0	154,000	10.3
Total	1,412,700	100.0	1,487,300	100.0

TABLE 3 shows the fiscal year 1988 distribution of the appropriation request among major commands in the United States and overseas. Construction projects in the United States account for $764 million or 54 percent of the budget request. Construction projects outside the United States total $494 million or 35 percent. This year's request for planning and design, unspecified minor construction and historic facilities totals $155 million or 11 percent.

TABLE 3 - PROPOSED FISCAL YEAR 1988
MILITARY CONSTRUCTION, ARMY, PROGRAM
COMMAND SUMMARY

COMMAND	COST ($000)	PERCENTAGE OF TOTAL
INSIDE THE UNITED STATES		
Forces Command	408,450	28.9
Training and Doctrine Command	97,510	6.9
Army Materiel Command	144,820	10.4
Western Command	56,150	4.0
US Military Academy	26,200	1.8
Military Traffic Management Command	4,200	0.3
Information Systems Command	18,670	1.3
Army Health Services Command	3,800	0.2
Other	4,400	0.3
Total	764,200	54.1
OUTSIDE THE UNITED STATES		
US Army, Europe	326,250	23.1
Eighth US Army, Korea	100,870	7.1
Strategic Defense Command	26,560	1.9
Forces Command	16,850	1.2
US Army, Japan	23,250	1.7
TOTAL	493,780	35.0
OTHER		
Historic Facilities	6,000	0.4
Planning and Design	133,120	9.4
Unspecified Minor Construction	15,600	1.1
TOTAL	154,720	10.9
Total obligation authority requested:	1,412,700	100.0

TABLE 4 shows the fiscal year 1989 distribution of the appropriations request among major commands in the United States and overseas. Construction projects in the United States account for $786 million or 53 percent of the budget request. Construction projects outside the United States total $546 million or 37 percent. This year's request for planning and design, unspecified minor construction, access roads, and historic facilities totals $155 million or 10 percent.

TABLE 4 - PROPOSED FISCAL YEAR 1989
MILITARY CONSTRUCTION, ARMY, PROGRAM
COMMAND SUMMARY

COMMAND	COST ($000)	PERCENTAGE OF TOTAL
INSIDE THE UNITED STATES		
Intelligence Command	2,400	0.2
Forces Command	489,990	32.9
Training and Doctrine Command	98,540	6.6
Army Materiel Command	117,070	7.9
Western Command	27,400	1.8
US Military Academy	16,900	1.2
Military Traffic Management Command	1,910	0.1
Information systems Command	19,020	1.3
Health Services Command	7,750	0.5
Other	4,600	0.3
TOTAL	785,580	52.8
OUTSIDE THE UNITED STATES		
US Army, Europe	341,970	23.0
Eighth US Army, Korea	99,240	6.7
Strategic Defense Command	25,400	1.6
Forces Command	6,450	0.5
US Army, Japan	30,550	2.1
Intelligence and Security Command	12,600	0.8
Other	30,600	2.1
TOTAL	546,810	36.8
OTHER		
Access Roads	1,000	0.1
Historic Facilities	6,000	0.4
Planning and Design	131,710	8.8
Unspecified Minor Construction	16,200	1.1
TOTAL	154,910	10.4
Total obligation authority requested:	1,487,300	100.0

SUMMARY

Mr. Chairman, in summary, the fiscal year 1988 Military Construction Army, budget request for appropriation of $1,412,700,000 and the fiscal year 1989 request for $1,487,300,000 is to support the Army strategy to get equipment out of the mud, provide adequate housing for soldiers, support Army initiatives, eliminate obsolete and deficient work areas, meet statutory and regulatory requirements and provide funding toward our goal to renew two percent of the physical plant annually. Approval of this request will continue the efforts of the Army and Congress, to provide modernized facilities enabling us to attract and retain quality soldiers and maintain operational readiness and fighting ability.

Sir, this concludes my statement. I would be pleased to answer any questions or arrange for answers to be inserted in the record.

MAJOR GENERAL ROBERT JOSEPH DACEY

Major General Robert Joseph Dacey was born 15 May 1935 at Watertown, New York. General Dacey is currently serving as the Assistant Chief of Engineers in the Office of the Chief of Engineers.

Prior to this assignment, he served as Commander and Division Engineer of the Corps' Southwestern Division in Dallas, Texas.

General Dacey is a 1958 graduate of Norwich University, Northfield, Vermont, with a bachelor's degree in business administration. He received a bachelor's degree in civil engineering from the University of Missouri in 1964, and a master's degree in procurement and contract management from George Washington University in 1972. He is also a graduate of the Army Command and General Staff College and the Army War College.

He has held numerous responsible command and staff assignments, both in the United States and overseas. These major assignments include serving as Deputy Chief of Staff, Engineer, U.S. Army Forces Command at Fort McPherson, Georgia; District Commander, St. Louis District, U.S. Army Corps of Engineers; Chief of Plans Division, Office of the Deputy Chief of Staff, Operations and Plans, Headquarters, U.S. Army Europe and 7th Army, Heidelberg, Germany; Chief of Management Division, Office of the Chief of Staff, U.S. Army, Europe and 7th Army; Staff Officer, Office of the Assistant to the Army Chief of Staff for Forces Development, Washington, D.C.; Executive Assistant, Office of the Chief of Engineers, Washington, D.C.; Construction Officer, 18th Engineer Brigade, Vietnam; Resident Engineer, St. Louis District, U.S. Army Corps of Engineers; and Construction Officer, 2nd Engineer Group, Korea.

General Dacey was assigned to the Chief of Engineers with duty as the Assistant Chief of Engineers in September 1985.

AFH PROGRAM OBJECTIVES

Fund the cost of ownership.
Reduce DMAR[1] to manageable level by end of fiscal year 1992.
Eliminate housing deficit by end of fiscal year 1990.
Major improvements to 5 percent of housing per year.
Eliminate substandard housing by end of fiscal year 1990.
Cost effective ECIP projects by end of fiscal year 1990.
Reduce high cost housing.

[1] Deferred M&R.

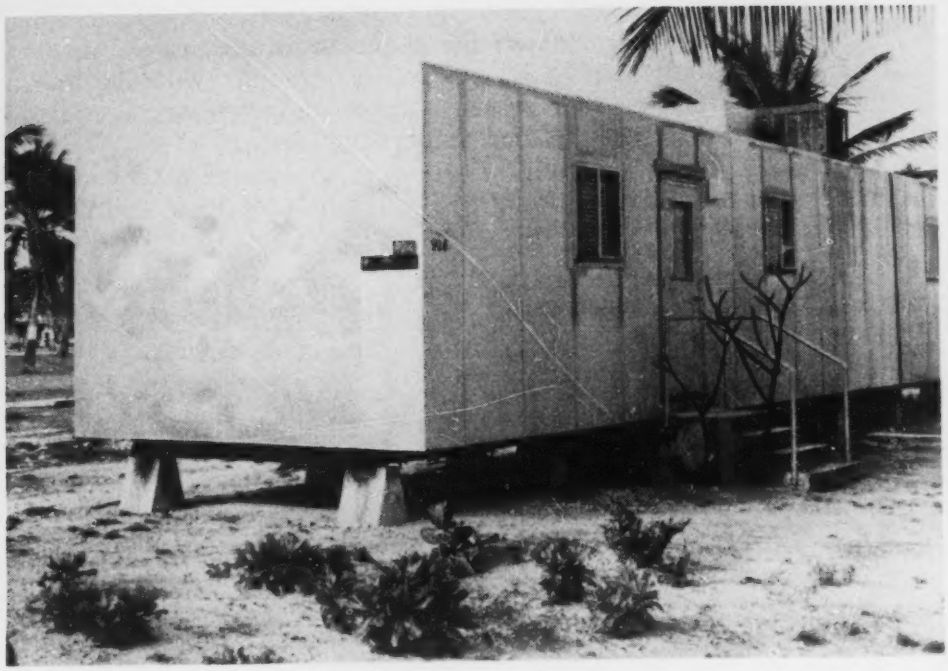
REAL GROWTH

[In thousands of dollars]

	Fiscal year—	
	1987	1988
Request		1,738,659
Inflation cost		-56,889
Currency cost		-81,800
Total	1,598,102	1,599,970
Real growth (percent)		0.1

General DACEY. Moving to family housing, our objectives are, sir, as shown here. Again, it would appear that we have a growth in the program. But when we take out the inflation and currency cost, it is a one-tenth of 1 percent growth to have the same buying power for Army family housing in 1988 that you provided for us in 1987.

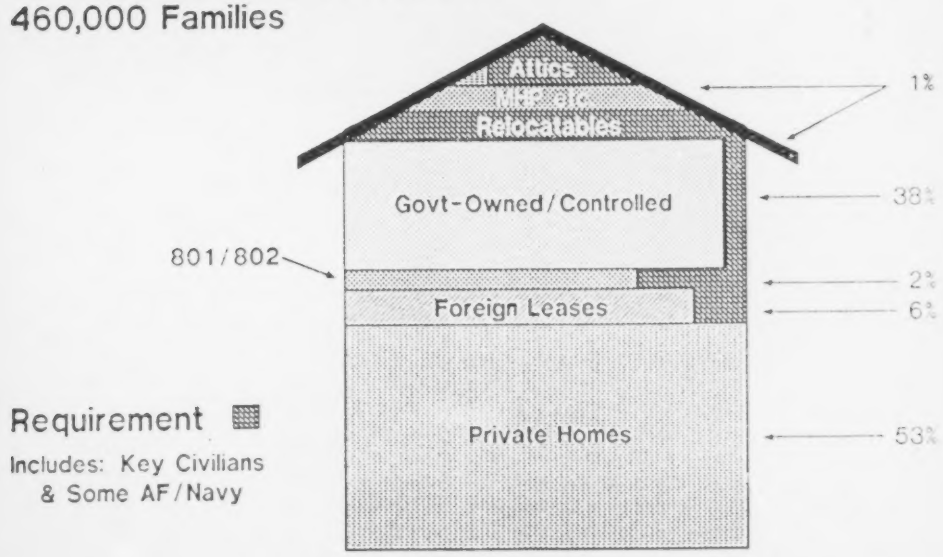
What we are trying to do is to get our people out of inadequate facilities, such as this home rented by a sergeant near Fort Ord, CA.



We are hoping to replace these inadequate facilities which our soldiers and contractor personnel live in at Kwajalein Missile Range.

ARMY FAMILY HOUSING

460,000 Families



What we are trying to illustrate here is the magnitude of our entire problem, and how we are going to go about attacking the problem.

Of significance, you will see that in our analysis, in 53 percent of our housing, we just leave it to the soldier to go out and lease it on the economy. And we only step in to address the problem with build-to-lease projects or with construction when there simply are not adequate facilities existing in the area that our soldiers can live in.

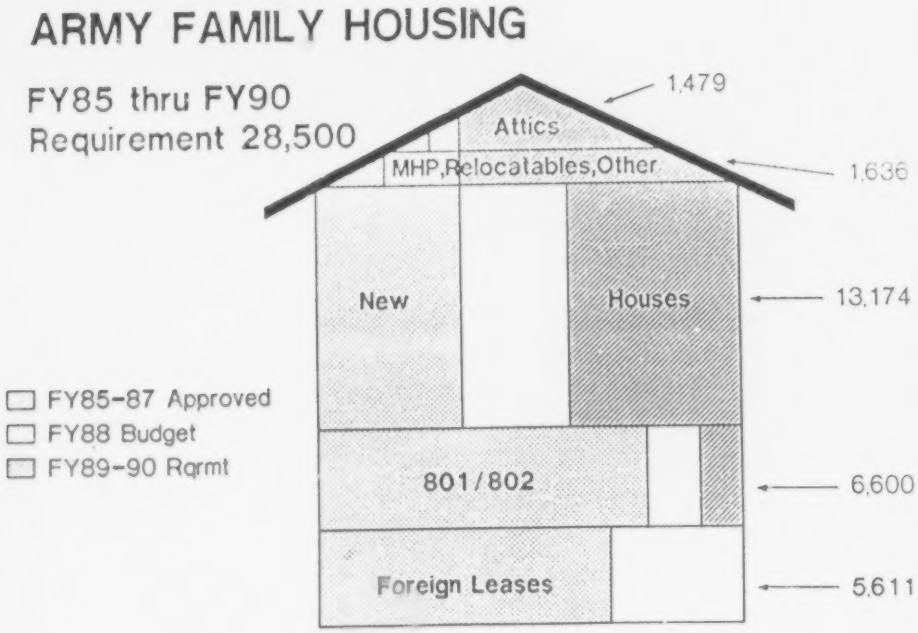
So we are attacking it in multifaceted ways to include attic conversions in Germany, which is a least-cost solution to getting additional quarters for our soldiers.

This, sir, is the setting near Fort Hood, TX.

And this is a row of homes near Fort Polk, LA. Again, inadequate.

Senator SASSER. This is offbase housing?

General DACEY. That is offbase, that is correct, sir. One bedroom. One bath. Less than 800 square feet for the family.



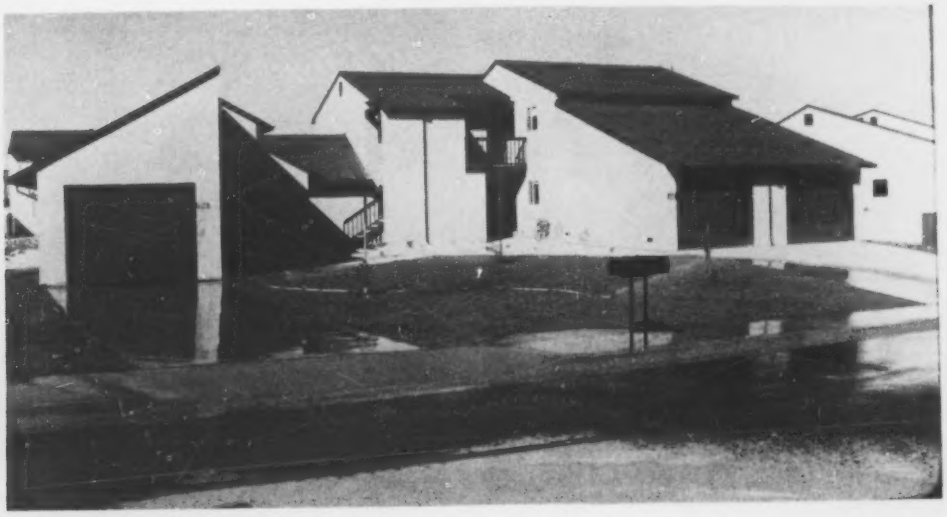
What we are trying to do in the program is shown here. What we are going to be able to accomplish with the funds you provided in fiscal year 1987 is shown in green. The black is what we hope to accomplish in fiscal year 1988. And the light blue is what we hope to be able to accomplish in fiscal year 1989 in reducing the problem of providing quarters for our soldiers and their families.

This is a high rise, build-to-lease housing unit in Germany, that has been completed, and that we have occupied; excellent housing for our soldiers and their families.

This is an 801 project at Fort Drum that has been provided, and we have occupied over 500 sets of quarters at that location.

This is United States manufactured units being put in at Mainz, Germany, which were produced in the United States. A large part of the dollars expended on these quarters were spent in the United States.

When we put them together and put the facade on them, they blend in quite well with the architecture in the local area.



FT. LEWIS

ABERDEEN PROVING GROUNDS

This is some new and economical housing at Fort Ord that has been completed; some new housing at Fort Lewis; and some new housing at Aberdeen Proving Grounds.

FISCAL YEAR 1988/89 ARMY FAMILY HOUSING INVESTMENT SUMMARY

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 President's budget request	Fiscal year 1989 President's budget request
New construction	222,680	290,690	282,210
Improvements	135,000	144,886	152,968
Planning and design	22,000	21,900	20,000
Total	379,680	457,476	455,178

As you can see, what we are trying to do with our new construction is to maintain, at about a level program in terms of buying power, so that we can buy out each year as much of the deficit as possible.

At the same time, we are trying to make improvements to the existing inventory so that we have adequate housing for our soldiers and their families.

FISCAL YEAR 1988/89 AFH PRESIDENT'S BUDGET OPERATION AND MAINTENANCE ACCOUNT

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 request	Fiscal year 1989 request
Operations	223,629	284,598	315,341
Utilities	259,330	273,487	286,515
Maintenance	569,000	540,062	618,586
Leasing	158,400	180,130	198,569
Total	[1]1,210,359	[1]1,278,277	[1]1,419,011

[1]Excludes debt payment.

On the operation and maintenance side, again, there is an increase in the account. As we bring additional units on line, we must pay the utilities and the lease cost; so there is growth in the program.

I should point out, sir, that that growth is, in effect, a budget transfer. Because when we start operating a new set of quarters, we take the money that the soldier previously was paid in the military pay account for quarters allowance and station allowance, and we move that over into the family housing account to pay for the operation and maintenance of the quarters.

It would appear to be additive as we look at it here, but in the overall Army budget, it is not additive.

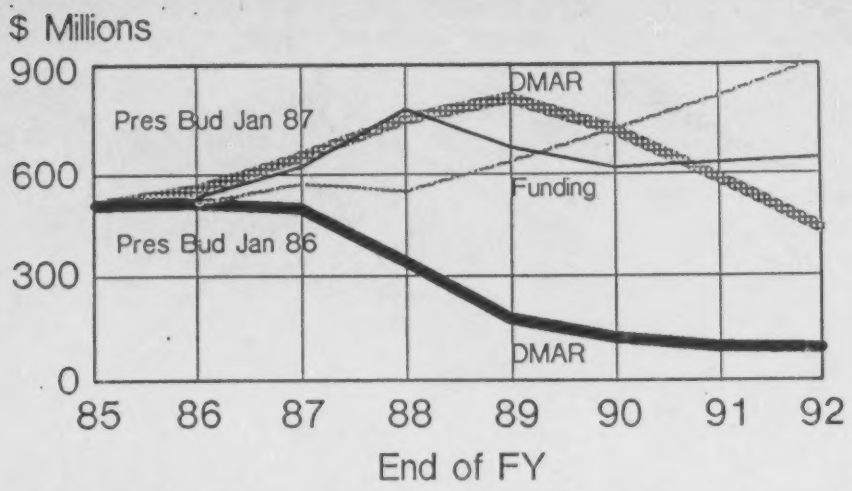
ARMY FAMILY HOUSING FOREIGN CURRENCY FLUCTUATION

Authority for account.
$231 million lost (fiscal years 1985–87).
Drawdown program to pay costs.

We appreciated that last year you provided a foreign currency fluctuation account that we could use to alleviate future revaluation problems. But there were no funds put into the account. So while we have

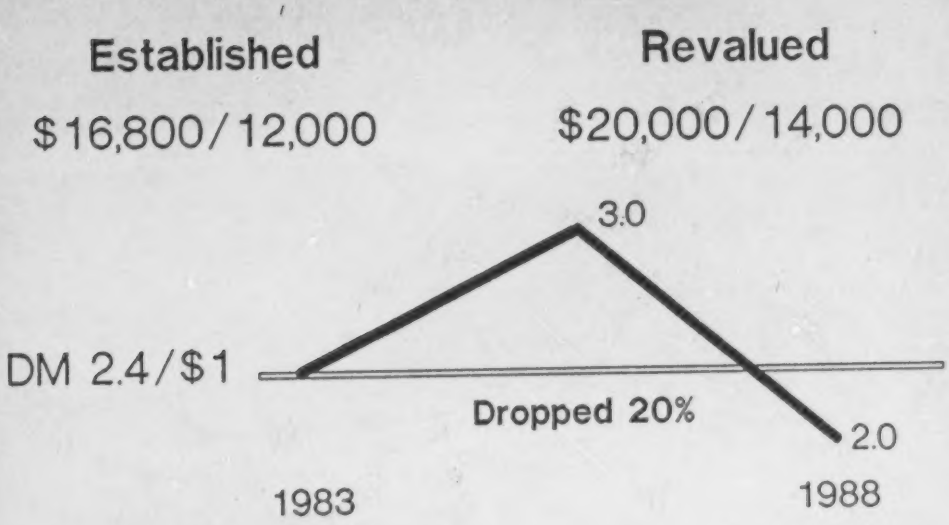
the authority, it is an empty authority at this time, because we cannot use it to address our problem.

ARMY FAMILY HOUSING DEFERRED MAINTENANCE AND REPAIR



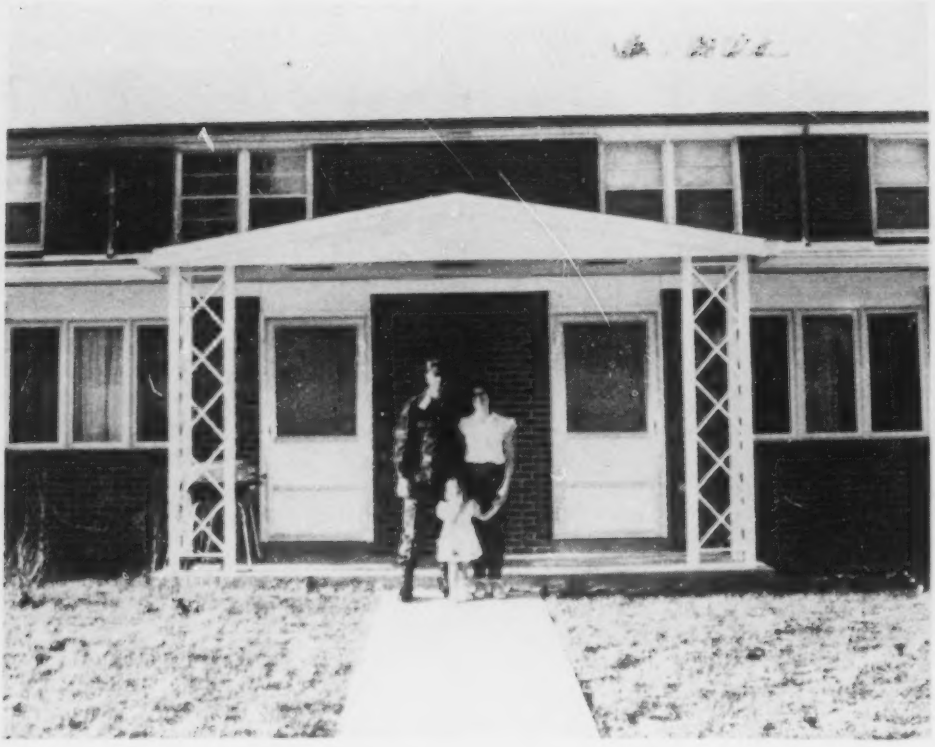
We had hoped that our backlog of maintenance and repair would go down, as depicted by the dark line. That was what was in the Army program. The patterned line above indicates what we believe is going to happen, again, because of the revaluation problem, primarily in Germany, that we have had to address using our operations and maintenance funds.

ARMY FAMILY HOUSING LEASE LIMITATIONS



We also have a problem on the authority side, and that is, when the deutsche mark was 2.4 to the dollar, the committee gave us thresholds of $16,800 and $12,000 for coming back to you for approval or lease actions. Now that we are down at the lower deutsche mark rate, we think the numbers, $20,000 and $14,000 as shown, would be more realistic to provide the oversight as you see it, but also to facilitate our being able to do our day-to-day business.

We in the Army sincerely appreciate your comments earlier, sir, about taking care of our families. And with your support, we are doing that.



This is Sgt. Gary Foster and his family who have just moved into a completely renovated apartment at Fort Riley, KS. He and his bride are very happy with that set of quarters.

And this is Sgt. Curtis Henry. They just moved into a brand new home at Bayside Village at Aberdeen Proving Ground; again, a satisfied soldier who is going to stay with the Army.

Sir, I would be glad to entertain any questions you might have.

[The statement follows:]

STATEMENT BY

MAJOR GENERAL ROBERT JOSEPH DACEY

Mr. Chairman and Members of the Subcommittee. I am Major General Robert Joseph Dacey, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to appear before the subcommittee to present the Army's family housing portion of the annual Military Construction Authorization and Appropriation Requests. The fiscal years 1988 and 1989 requests sustain efforts started in prior years to improve the operational readiness of the Army while, at the same time, providing those quality of life improvements so necessary to attract and retain dedicated individuals to serve in the Army.

The provision of adequate housing conditions is one of our highest peacetime priorities. The fiscal years 1988 and 1989 budget requests reflect the Army's commitment to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship.

ARMY FAMILY HOUSING (AFH) OVERVIEW

The fiscal years 1988 and 1989 AFH budget includes a request (TABLE I) for $1,738,659,000 and $1,874,640,000 in new appropriation, respectively.

TABLE I - PROPOSED FISCAL YEARS 1988/1989
ARMY FAMILY HOUSING PROGRAM
AUTHORIZATION AND APPROPRIATION SUMMARY

FACILITY CATEGORY	FY 88 APPROPRIATION ($000)	FY 89 APPROPRIATION ($000)
New Construction	290,690	282,210
Improvements	144,886	152,968
Planning and Design	21,900	20,000
Operations	284,598	315,341
Utilities	273,487	286,515
Maintenance	540,062	618,586
Leasing	180,130	198,569
Debt Interest	160	80
Debt Principal	2,746	371
TOTAL	1,738,659	1,874,640

HOUSING PROGRAM ACCOUNTS

TABLES II and III summarize the budget changes (increases and decreases) for the Army's Family Housing budget requests. Two hundred ninety-one million dollars or seventeen percent in FY 1988 and two hundred eighty-two million dollars or fifteen percent in FY 1989 are designated to meet the new construction requirements. Another one hundred forty-five million dollars or eight percent in FY 1988 and one hundred fifty-three million dollars or eight percent in FY 1989 will fund improvements to our aging housing inventory. Twenty-two million dollars, one percent in FY 1988 and twenty million dollars, one percent in FY 1989, will provide resources to provide for planning and design of future construction projects. The remaining portion of the budget request of $1,281,183,000 in FY 1988 and $1,419,462,000 in FY 1989 are designated to provide for the overall operations, utilities, maintenance, leasing, and debt reduction accounts. Sixty-three percent of the request in FY 1988 will cover the costs of

operating ($284,598,000), utilities ($273,487,000), and maintaining ($540,062,000) and sixty-five percent of the request in FY 1989 will cover the costs of operating ($315,341,000), utilities ($286,515,000) and maintaining ($618,586,000), our current inventory. This request does not reduce the backlog of deferred maintenance and repair due to the escalating foreign currency losses. The leasing program accounts for one hundred eighty million dollars or ten percent in FY 1988 and one hundred ninety-nine million dollars or ten percent in FY 1989 of the programs. The balance of the funds requested, nearly three million dollars or less than one percent (.1%) in FY 1988 and over four hundred thousand dollars in FY 1989, provides for the remaining indebtedness for Capehart and Wherry housing and servicemen's mortgage insurance premiums paid under the debt reduction account, which includes both debt payment and debt principal.

TABLE II - ARMY FAMILY HOUSING
FISCAL YEAR 1988 BUDGET SUMMARY

BUDGET SUMMARY CHANGES

FACILITY CATEGORY	PERCENT INCREASE/DECREASE FY 88 OVER FY 87	PERCENT OF TOTAL APPROPRIATION
New Construction	+ 30.5	16.7
Post Acquisition	+ 7.3	8.3
Planning & Design	- .5	1.3
Operations	+ 27.3	16.4
Utilities	+ 5.4	15.7
Maintenance	- 5.1	31.1
Leasing	+ 13.7	10.4
Debt Interest	- 61.6	.0
Debt Principal	- 49.2	.1
		100.0

TABLE III - ARMY FAMILY HOUSING
FISCAL YEAR 1989 BUDGET SUMMARY

BUDGET SUMMARY CHANGES

FACILITY CATEGORY	PERCENT INCREASE/DECREASE FY 89 OVER FY 88	PERCENT OF TOTAL APPROPRIATION
New Construction	- 2.9	15.0
Post Acquisition	+ 5.6	8.2
Planning & Design	- 8.7	1.1
Operations	+ 10.8	16.8
Utilities	+ 4.8	15.3
Maintenance	+ 14.5	33.0
Leasing	+ 10.2	10.6
Debt Interest	- 50.0	.0
Debt Principal	- 86.5	.0
		100.0

NEW CONSTRUCTION

Army policy directs that the first source for providing family housing will be the civilian community. The concept of the Variable Housing Allowance (VHA) supports this policy. The Army's execution of the two test programs approved under Sections 801 and 802 of Public Law 98-115 also fully supports this policy. However, at overseas communities and certain United States locations where

installations are so remote or population impacted to preclude such support, it is imperative that the Army take positive steps to provide adequate housing for our military families. New construction is programed only when these conditions exist and it is the more economical alternative.

TABLES IV and V show the fiscal years 1988 and 1989 projects for family housing construction. The Army request is primarily for critically needed dwelling units in the United States to fulfill the stationing requirements for the 6th and 10th Mountain Division (Light Infantry) and to provide necessary family housing units for Fort Ord. Overseas construction is provided in the Federal Republic of Germany in support of our forward deployed forces. The request also provides for the conversion of unused attic space and the upgrade of 102 existing temporary units to obtain 330 new dwelling units at various locations in the Federal Republic of Germany. The FY 89 request continues the attic conversion initiative and provides for the conversion of unused attic space and the upgrade of 242 existing temporary units to obtain 621 new dwelling units.

TABLE IV - ARMY FAMILY HOUSING
NEW CONSTRUCTION
FISCAL YEAR 1988 BUDGET REQUEST

LOCATION	NUMBER OF UNITS	REQUEST FOR APPROPRIATION
New Family Housing Construction		
Fort Clayton, Panama	400	21,000
Fort Drum, NY	100	10,000
Helemano, HI	200	21,000
Fort Hood, TX	150	9,400
Fort Irwin, CA	525	54,000
Kwajalein, Marshall Islands	248	41,000
Fort Ord, CA	211	19,000
Pearl City, HI	60	6,700
Fort Polk, LA	350	27,000
Schofield Barracks, HI	100	11,200
Fort Wainwright, AK	150	29,000
Bamberg, FRG	106	11,200
Baumholder, FRG	152	12,600
Vilseck, FRG	188	17,000
Subtotal	2,940	290,100
Mobile Homes Spaces		
LOCATION	NUMBER OF UNITS	REQUEST FOR APPROPRIATION
Fort Eustis, VA	32	480
Fort Rucker, AL	7	110
Subtotal	39	590
Attic Conversions to Family Housing		
Various Locations, FRG	228	0*
Total	3,207	290,690

*Funded in the construction improvements account

TABLE V - ARMY FAMILY HOUSING
NEW CONSTRUCTION
FISCAL YEAR 1989 BUDGET REQUEST

LOCATION	NUMBER OF UNITS	REQUEST FOR APPROPRIATION
New Family Housing Construction		
Fort Benning, GA	90	6,400
Fort Bragg, NC	271	16,500
Fort Campbell, KY	327	25,000
Fort Clayton, Panama	600	33,000
Helemano, HI	100	11,400
Hickam AFB, HI	20	2,310
Fort Hood, TX	550	36,000
Kaneohe, MCAS, HI	40	4,750
Fort Leavenworth, KS	272	20,000
Fort Lewis, WA	310	26,000
Pearl City, HI	100	12,600
Fort Polk, LA	533	40,000
Schofield Barracks, HI	40	4,450
Fort Wainwright, AK	150	27,000
Hoenfels, FRG	88	8,400
Livorno, IT	90	8,400
Subtotal	3,581	282,210
Attic Conversions to Family Housing		
Various Locations, FRG	379	0*
Total	3,960	282,210

*Funded in the Construction Improvements Account

POST ACQUISITION CONSTRUCTION

Post acquisition construction consists of whole house renewals, improvements to the current inventory to bring them up to contemporary standards and energy conservation investment projects to improve the energy efficiency of our existing inventory. Due to the aging of our inventory, these areas require continued emphasis and will provide long lasting benefits to our soldiers and their families.

The fiscal year 1988 improvements program will provide improvements to approximately 6,505 units at 35 locations worldwide. Included in these numbers will be whole house renewal for 1,623 units and smaller selected improvements to some 2,783 units worldwide. Fiscal year 1988 funding for correction of substandard housing conditions will result in the conversion of 703 substandard housing units into 536 adequate units.

The Army Family Housing Energy Conservation Investment Program (ECIP) continues to receive emphasis. The fiscal year 1988 budget request will provide nine million two hundred twenty- three thousand dollars to improve energy efficiency in 1,233 units.

The fiscal year 1989 improvement program will provide improvements to approximately 8,533 units at 42 locations worldwide. Included in these will be whole house renewal for 2,751 units and smaller selected improvements to 3,122 units worldwide. FY 89 funding for correction of substandard housing conditions will result in the conversion of 68 substandard housing units into 56 adequate

units. The FY 89 budget request will provide one million nine hundred sixteen thousand dollars to improve efficiency in 1,983 units.

OPERATION AND MAINTENANCE

The operation, utility and maintenance program comprises the majority of FY 88 and FY 89 budget request. In funding these programs we first insured that the cost of ownership was partially funded. Cost of ownership is defined as those annual expenditures necessary to operate and maintain the existing family housing inventory and provide careful stewardship of the family housing inventory. Cost of ownership does not include that work which was deferred in prior years due to insufficient funding. We have funded new initiatives which support our mission to provide adequate housing for our military families.

The total operation, utility, and maintenance program for fiscal year 1988 has only increased 4.2 percent for inflation over the fiscal year 1987 program. to continue our efforts to fix our aging, deteriorating inventory. The fiscal years 1988 and 1989 operation and maintenance program will fund the continued installation, operation and maintenance of an Army-wide computer system, Housing Operations Management System (HOMES), designed to improve all phases of housing management. Due to increased management emphasis and the impact of previously approved energy conservation projects, fiscal years 1988 and 1989 should show a reduction in utility consumption. A continuing objective of the operation and maintenance program is the improvement of living conditions for military families throughout the world by accomplishing the annual maintenance and repair of our worldwide inventory and by reducing the level of the deferred maintenance and repair backlog.

DEFERRED MAINTENANCE

Deferred maintenance is that maintenance and repair work which was scheduled for accomplishment in prior fiscal year annual work plan, but could not be accomplished due to insufficient funding. After four years of progress, our backlog of deferred maintenance is increasing again. Due to foreign currency losses, funding in fiscal year 1987 is insufficient to reduce the deferred maintenance and allows a growth in overall backlog of approximately one hundred million dollars. Request for fiscal years 1988 and 1989 also allows growth in the backlog as a result of the recent decline of the dollar in foreign currency markets. After correcting the serious deficit of new family housing, the Army will request more maintenance resources to resume progress against the backlog of repair of old housing.

LEASING

Another means of adequately housing our military families is the leasing program. Our program includes domestic leases, Section 801 leases, Section 802 rental guarantee housing, and foreign leases. The domestic leasing program for fiscal year 1988 requests authorization for 1,850 units and appropriation for eleven million one hundred eighty-one thousand dollars and 1,850 units in fiscal year 1989 and appropriation for fourteen million two hundred and one thousand dollars. The Section 801 program authorization request is for 5,000 units in fiscal year 1988 and an appropriation of twenty-four million eight hundred twenty-seven thousand dollars and 6,000 units in fiscal year 1989 and appropriation for thirty-four million two hundred fifty-seven thousand dollars. The Section 802 program only requests authorization for 1,800 units in both fiscal years 1988 and 1989.

In the foreign leasing area we are requesting authorization for 24,091 units in FY 88 and 89 and an appropriation of one hundred forty-four million one hundred twenty-two thousand dollars in FY 88 and one hundred fifty million one hundred eleven thousand dollars in FY 89.

Our total leasing program authorization request is for 32,741 units in FY 88 and FY 89 to satisfy requirements in the United States, Europe, Korea, and Panama.

SUMMARY

Mr. Chairman, in summary, I would like to emphasize that the Army's fiscal years 1988 and 1989 Family Housing budget request reflects the needs of the service and supports the programs presented by the Secretary of the Army and the Chief of Staff. The request emphasizes readiness, the Army's efforts to improve our soldier's quality of life and wise, careful stewardship in the protection of our existing inventory. It includes those projects of highest priority which are consistent with fiscal realities. Approval of the request will enhance the Army's ability to enlist and retain quality soldiers and support the improvement of the Army's operational readiness and war fighting ability.

Sir, this concludes my statement. I would be pleased to answer any questions or arrange for answers to be inserted in the record.

ARMY NATIONAL GUARD

STATEMENT OF BRIG. GEN. DONALD BURDICK

Senator SASSER. We will turn now to General Burdick.

General BURDICK. Mr. Chairman, members of the committee, I welcome the opportunity to appear before this committee and to summarize our request for fiscal years 1988 and 1989.

On behalf of the more than 450,000 Guard members worldwide, I want to thank you and your committee for the outstanding support that you render to the Army National Guard.

Our request of $170 million for fiscal year 1988 and $161 million for fiscal year 1989 continues the increased trend in funding needed to support the new missions and readiness goals directed by the Congress.

About one-third of the 70 projects requested in fiscal year 1988, and one-third of the 87 projects requested for fiscal year 1989 directly support units involved in major force structure initiatives.

The remaining projects relate to other force structure changes, new training requirements, and new equipment initiatives.

These projects are taking priority over modernization of our aging and substandard facilities. Renewing of existing facilities, however, is also being accomplished in conjunction with needs for mission and force structure changes wherever possible.

Now General Dacey mentioned the construction backlog. In the Army National Guard we have a construction backlog of some $2.4 billion. This includes over $1 billion for more than 800 new and replacement armories.

Our program request includes 23 armory projects in fiscal year 1988 and 40 in fiscal year 1989. The remaining projects are for aviation facilities, maintenance shops, ranges, training sites, and other support-type facilities.

Projects to modernize our maintenance shops are needed to increase productivity and equipment readiness. Many times our personnel right now are working outdoors where our people and equipment are exposed to the elements. And in other cases they are working in overcrowded and substandard facilities.

There is one critical facility requested in fiscal year 1988 for which I need to provide an overview explanation and justification. This is the proposed Army National Guard Center planned for construction at Arlington Hall, VA.

Although listed as a Virginia project, it will support national operations of the Army National Guard of the United States, national, and I might even add, worldwide operations.

The growth and changes in responsibility for the Army National Guard dictate the requirement for a consolidated management center. Currently, we are operating from seven locations. Six of these are in the National Capital region, and one is at Edgewood, MD.

To support the growth and modernization in the new high priority missions of the Guard, consolidation of management functions is a needed must.

Three studies conducted by the Active Army support this consolidation.

The Arlington Hall station site was selected after extensive study and evaluation of potential sites in the National Capital region.

Our analysis concluded that amortization of construction costs will be achieved in approximately 7 years, and will serve our needs well into the next century.

This consolidation will provide needed efficiencies; reduce travel time and costs now experienced to accomplish our mission.

It will also provide, as I mentioned, productivity gains to the States in the day-to-day operation.

This facility is part of a total effort here, and I think you all realize that we recently completed the Air Guard center at Andrews Air Force Base. This was the first step in our total drive for consolidation and to improve efficiency of operations.

Our fiscal year 1988 request also covers a category, projects costing $400,000 and under. This totals $13.6 million for fiscal year 1989, excuse me, for fiscal year 1988; and for 1989, $12.2 million; and finances specific minor construction projects.

Now these projects are programmed as line item major construction. However, the actual projects vary from very small armory expansions, for example, for our Alaskan Scouts, to some of the austere ranges that we are trying to provide in the local communities and local training sites.

The fiscal year 1989 request is less than that requested for 1988 due to the limited time available for design and cost estimate development.

Our unspecified minor construction request of $5.4 million for 1988 and $6.2 million for 1989 are for unforeseen or emergency needs that develop during each program year.

We also request $13.8 million in fiscal year 1988 and $15.6 million in fiscal year 1989 to support a minimum level of planning and design funds for future programs. And this is just a minimum barebones level here.

Mr. Chairman, this concludes my prepared statement. The initiatives I have described are intended to sustain momentum in achieving goals established by the Congress; and to meet the challenges of the future that we in the Army National Guard face today as part of the total force.

Again, I wish to express my appreciation to you and Members of the committee for the tremendous job you are doing in supporting the Army National Guard.

I thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF BRIG. GEN. DONALD BURDICK

DIRECTOR, ARMY NATIONAL GUARD

DEPARTMENTS OF THE ARMY AND AIR FORCE

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE.

I welcome this opportunity to appear before this Committee and present the first biennial Military Construction program request for fiscal years 1988 and 1989. On behalf of the nearly 450 thousand Guardsmen and women worldwide, I thank you and this Committee for the untiring support provided to the Army National Guard and I look forward to working with this Committee in the future to achieve success in meeting our most critical facilities challenges during my stewardship as Director of the Army National Guard.

MILITARY CONSTRUCTION/FACILITIES PROGRAM:

In our 1988 and 1989 fiscal year construction budget requests, the upward funding trends to support missions and readiness goals of the Army National Guard continues. The major thrust of the Military Construction program is to give emphasis to new or modernized facility demands of the expanding force structure plus training and maintenance of combat and support equipment. Most of the funding programed in our FY 88 military construction request of $170 million is to support force structure and training requirements.

FACILITIES REQUIREMENTS AND BACKLOG OF CONSTRUCTION:

Even though the funding of the military construction program has been increasing over the past years, new mission and force structure facilities take priority over the aging and substandard conditions found in many of our facilities. Renewal of the existing facilities is continuing, but it is being accomplished in conjunction with mission and force structure changes. Because of the large number of changes occurring in the missions and structure of the Guard, we have been unable to reduce the backlog of construction. In fact, the opposite has occurred. Recent surveys conducted to determine armory and support facility needs of the expanded force structure revealed a much greater number of substandard conditions in existing facilities than had been previously identified. Requirements to correct these substandard facilities plus unsatisfied requirements for new force structure facilities have significantly increased this backlog to the current level of $2.4 billion. This requirement includes over $1 billion for more than 800 new and replacement armory projects. State funding will be in addition to this
$1 billion cost. The remainder consists of over 500 projects for training sites, maintenance and aviation facilities, and for minor construction and design efforts. Specified minor construction program needs, that is projects costing $400,000 or less, account for $288 million of the overall requirement. The continued aging of the

facility inventory can best be illustrated by the fact that armories over 25 years old increased from 1,337 in 1982 to 1,867 in 1986 (or 40% increase); whereas the total number of armories during this same period increased from 2,806 to 2,956 (or 5% increase)

More of these older substandard armories must be replaced as mission and training demands increase, adding to the armory construction backlog.
Continued support of this Committee to sustain the rate of growth provided our construction program in the past will provide us with the capability to systematically attack the most critical of these facility shortfalls and address reductions of our construction backlog.

MAJOR CONSTRUCTION INITIATIVES:

ARMORY CONSTRUCTION PROGRAM:

Command priority continues to be given to force structure construction initiatives, such as the reorganization of the 29th Division (Light) and the 35th Division (Mechanized) and the restructuring of combat aviation units. Armory projects for 29th Division units will be coming on line this year as the result of the FY 87 program. Our programs for fiscal years 1988 and 1989 request the construction of eighteen additional armory projects to support the reorganization of these two divisions. These facilities include the headquarters armories for the 35th Division at Fort Leavenworth, KS in FY 88 and the 29th Division at Fort Belvoir, VA in FY 89. A third of the 70 requested projects in the fiscal year 1988 program directly support units involved in major force structure initiatives and the remainder of the projects are related to force structure or new equipment initiatives to a lesser degree.

TRAINING FACILITIES MODERNIZATION PROGRAM:

The modernization of the Army National Guard infrastructure will maximize the training time available to improve individual skills and unit readiness. Because of the limited time available to Guardmen for accomplishing these training tasks, facilities must capitalize on appropriate technologies. New facilities programed for these purposes have received widespread support from the Congress and the Army in terms of training device procurement and resources. In the fiscal year 1988 program, 20 projects and about a quarter of the requested funds for major construction are for training and training site improvements. The most visible of these projects is the multipurpose complex planned at Gowen Field, Idaho. This large range complex supports the goal of advancing combat training capabilities of the Army National Guard and others users. It permits training under simulated attack conditions for live fire armor, artillery, attack gunship, and mechanized infantry maneuver units. A second similar range is planned to be constructed later at Camp Grayling, Michigan for training units from the eastern region of the United States. Other new range projects include the new automated rifle ranges developed for the Army. These are planned for construction at the larger Army National Guard training sites in Florida, Mississippi and Minnesota. The ranges fulfill demands for increased numbers of Guardsmen and others to master and sustain necessary marksmanship skills and provide the same weapons training conducted by the Active Army. Other new facilities include a series of centers dedicated to the full-time training of maintenance personnel and

for specialized field training of evacuation hospital units. These centers will be located in specific regions and, using actual equipment and simulators, provide the specialized training required to support the M1 "Abrams" tank, "Bradley" fighting vehicles and other modern combat weapons. For overnight stay requirements caused by the new readiness training initiatives, construction of winterized barracks and support buildings for year round operations are requested at Camp Dawson, West Virginia, Camp Ripley, Minnesota and Camp Grayling, Michigan.

EQUIPMENT MAINTENANCE FACILITIES:

Modernization of surface equipment maintenance facilities to increase productivity and equipment readiness is receiving special attention. The predominate facility in this effort is the organizational maintenance shop (OMS) which supports combat and support equipment at the unit level. These facilities provide individual units with the ability to maintain assigned equipment at a high state of readiness. At many of the existing facilities, maintenance must be performed while exposed to the elements or in overcrowded and substandard conditions. This program includes projects for renewal of some of these facilities. The direct support or general support maintenance shops, such as the Mobilization and Training Equipment Shops (MATES) are being modernized with specialized maintenance work bays to support the new combat equipment like the M1 Tank. To prevent premature obsolescence of these maintenance facilities, construction is based on designs which accommodates the fielding of new equipment programed for future delivery to the Guard.

EQUIPMENT MODERIZATION PROGRAM:

The Guard now has about 240 M1 tanks on hand and anticipates receiving an additional 180 units during the timeframe of our construction request. Potentially more important to our construction program is the large increase in M60A3 tanks which replace the older M48A5 and M60A1 tanks. Our maintenance facilities modernization program is geared to support both tank systems and other items of combat equipment entering our inventory. These delivery schedules also parallel some of the force structure initiatives, such as formation of attack helicopter battalions with the planned fielding of AH64 and AHIS gunship aircraft. The distribution of other moderization equipment, to a lesser degree, directly or indirectly supports the need for the requested construction program.

AVIATION SUPPORT PROGRAM:

Aviation support facilities are designed for both flight operation and training functions and for maintenance of assigned aircraft. New and replacement facilities incorporate design provisions for the introduction of advanced aircraft such as the UH60 "Blackhawk" and AH64 "Apache". Although most of the requested aviation projects support force structure initiatives, the improved and expanded maintenance capabilities of these facilities should not be overlooked as they support the same productivity and equipment readiness goals as does the renewal program for surface equipment maintenance facilities.

ARMY NATIONAL GUARD CENTER:

Mr. Chairman, there is one critically needed facility requested in our FY 88 program for which I need to provide an overview explanation and justification. This is the Army National Guard Center

planned for construction at Arlington Hall Station, Arlington County, Virginia. Although this project is listed as a Virginia project, it is for support of the Army National Guard functions of the United States.

The growth and changes in the responsibilities of the Army National Guard dictate the requirement for a consolidated resource management center. Currently, the Army National Guard manages programs and resources from seven locations; six in the National Capitol Region and one at Edgewood, Maryland. To facilitate the significant growth, modernization and complexity of new and high priority continuing missions, the consolidation of resource management for personnel, training, logistics and facilities at one location is a must as shown by 3 studies conducted by the Army. The location of the center at Arlington Hall Station was selected after extensive study and evaluation of other potential sites in the National Capitol Region. The study identified that the amortization of the $28 million requested for construction will be achieved in approximately 7 years based on $3.4 million annual savings (nearly $2 million in productivity gains and a reduction of $1.4 million in lease costs) plus additional savings for costs and lost time now incurred for travel between the seven locations. The consolidated National Center will provide the needed efficiencies, productivity gains and benefits to the States for conducting the day-to-day operations and managing the Army National Guard's increased worldwide responsibilities and commitments to the Total Army well into the next century. I request your support for this important project.

MINOR CONSTRUCTION:

Our FY 88 request for the new program section initiated last year entitled "Projects Costing $400,000 and Under", totals $13.615 million and will finance 52 specific projects. The types of projects to be executed vary, from expanding small armory facilities for the Alaskan Scouts to constructing small ranges and support facilities at local training sites. The FY 89 request of only $12.232 million is less than that requested for FY 88 because fewer requirements and costs were sufficiently developed to justify a higher program request. The Unspecified Minor Construction requests of $5.4 million for FY 88 and $6.2 million for FY 89 are for unforeseen or emergency needs that develop during each program year.

PLANNING AND DESIGN:

Our request of $13.861 million in FY 88 and $15.667 million in FY 89 are minimum levels for planning and design funds that will permit us to achieve the basic levels of project development for the FY 89 and outyear construction programs.

CONCLUSION:

Mr. Chairman, this concludes my prepared statement on behalf of the Army National Guard. The facilities initiatives I have briefly described, and our requested construction programs are intended to sustain the momentum in achieving the goals established by the Congress and to meet the challenges of the future. I again express our appreciation for the support this Committee has given to our construction program. If there are any questions, I will be pleased to furnish the information you require.

BRIGADIER GENERAL DONALD BURDICK
DIRECTOR, ARMY NATIONAL GUARD

General Burdick began his military career in 1956. After a few months in the United States Army Reserve, he joined the New Jersey Army National Guard serving as a platoon leader of the 252d Tank Battalion. General Burdick's former civilian occupations as a Professor and a Research Chemist in the fields of Agronomy and Animal Science provided him with the unique opportunity to serve in Army National Guard units in different states. After leaving New Jersey, he served in various positions including Platoon Leader, Troop Commander, and Squadron S-2 in the Pennsylvania ARNG Cavalry units during the period from October 1958 to November 1965 . In 1965 General Burdick moved to Kentucky where he transferred to the Artillery Branch gaining experience in Target Analysis and as the Assistant S-2 of the XXIII Corps Artillery.

In 1969 General Burdick transferred to a position at the University of Georgia. In October of that year he became the Assistant S-3 of the 118th Field Artillery Group of the Georgia Army National Guard. He was promoted to Major and became the S-3 in December 1970. General Burdick's responsibilities increased as he became first the Executive Officer and, then, in January 1976, the Commander of the 1st Battalion of the 214th Field Artillery. Upon assuming command, he received his promotion to Lieutenant Colonel. He served in the battalion commander for three years until he was promoted to Colonel and became the Chief, Plans, Operations and Military Support for the Headquarters of the Georgia National Guard.

After attending the U.S.Army War College from July 1980 to July 1981, General Burdick was appointed the Deputy Chief of Staff for the Georgia Army National Guard and subsequently the Commander of the 118th Field Artillery Brigade. In November 1983, General Burdick became the Assistant Adjutant General for Army in the Headquarters State Area Command and received his promotion to the rank of Brigadier General in the Adjutant General Corps in February 1984. In March 1987, General Burdick was recognized as a Brigadier General of the Line and became the Director of the Army National Guard in the National Guard Bureau.

General Burdick's civilian education includes a Bachelor of Science degree in Animal Science from Rutgers University, a Master of Science in Animal Nutrition also from Rutgers University, and a Doctor of Philosophy in Biochemistry from Pennsylvania State University. His military education includes Officer Basic and Advanced Schools in both Armor and Artillery. General Burdick has also attended schools in Nuclear Weapons Employment and Nuclear and Chemical Target Analysis. As stated earlier, he is also a graduate of the Army War College.

General Burdick has been awarded the Legion of Merit, the Meritorious Service Medal, the Armed Forces Reserve Medal with Hourglass Device, the Army Reserve Components Achievement Medal with 2d Oak Leaf Cluster, and other decorations.

ARMY RESERVE

STATEMENT OF COL. ROSS G. PICKUS

Senator SASSER. Colonel Pickus, do you wish to speak on behalf of the Army Reserve?

Colonel PICKUS. Yes, I do, sir. And I would also like to mention that I am accompanied by Col. Steve Regester, who is the Chief of the Construction Management Division; and by Major Shields, his budget officer.

I would like to submit a formal statement for the record.

Senator SASSER. It will be incorporated in the record.

Colonel PICKUS. I welcome this opportunity to present the Army Reserve's military construction program for fiscal year 1988, and request the necessary appropriation for execution of this program.

The Army Reserve continues to make significant progress in readiness, personnel, training, logistics, and preparation for mobilization. And we have seen an increase in our paid drill strength of over 100,000 reservists within the last 8 years.

In today's environment of constrained resources, the Army Reserve provides a cost-effective answer to the total Army's need for combat support and combat service support.

As the need to reduce operating costs grows even greater, we anticipate that the Army will place increased emphasis on the capabilities of the Army Reserve, and assign additional missions to us.

We stand ready to accept these new challenges, and we ask for your continued support as we prepare to meet them.

Training continues to be the most important responsibility of Army Reserve commanders at all levels. With the exception of 2 weeks of annual training duty, training generally takes place at home station, the local Army Reserve center, or at nearby training areas.

And while we cannot always quantify it, experience teaches us that the quality and adequacy of these facilities have a direct bearing on our ability to attract and retain quality soldiers; train them; and store, safeguard, and maintain our equipment.

In many locations, we have outgrown our facilities, which were built in an era in which the Army Reserve had very little equipment and very few full-time people.

We realize that we cannot build new facilities everywhere at once, and that some inefficiencies and crowding will continue as we raise equipment levels and the full-time support for Reserve units.

The fiscal year 1988 request is representative of the U.S. Army FORSCOM commander's priorities, and if provided, will greatly improve our facilities posture.

We believe that we have a well-balanced program that will enable us to expand and modernize many of our facilities to meet the needs of today's reservists at an affordable cost.

Mr. Chairman, I am particularly pleased to inform this committee that we have successfully awarded a contract on every project authorized and funded by the Congress during the period fiscal year 1982 through fiscal year 1986, with the exception of a project on Fort DeRussy, which we have held in abeyance pending the outcome of the debate over the retention of that part of the installation on which our center is located.

We believe that this is a good record, and we are proud of it. We anticipate similar success with the 25 projects approved for construction in fiscal year 1987.

Our request for fiscal year 1988 is $95.1 million, with which we propose to construct 22 major projects and make one major land acquisition. All projects are at or beyond 95 percent design.

Because our fiscal year 1988 program is in the advanced stages of design, in general we anticipate no difficulty in awarding all projects during the year in which they are programmed.

Mr. Chairman, this concludes my statement. Thank you.

[The statement follows:]

STATEMENT BY

COL ROSS G. PICKUS

ASSISTANT DEPUTY CHIEF, ARMY RESERVE

DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee:

I welcome this opportunity to present the Army Reserve's military construction program for fiscal years 1988 and 1989 and to request the necessary appropriation for execution. On behalf of all members of the Army Reserve, I also wish to express appreciation for the support this committee has provided for our construction program.

Overall, the Army Reserve has made considerable progress in areas of personnel, training, logistics, sustaining the force, and preparation for mobilization. Our programs for fiscal years 1988 and 1989 are designed to continue that progress and to do our part in attaining the Total Army of Excellence as directed by the Secretary of the Army and the Chief of Staff.

Army Reserve missions range from direct combat to combat support and combat service support. We provide units that are fully trained and capable of performing wartime missions immediately upon mobilization, and we also provide pre-trained individual reinforcements. Our men and women are an integral part of the Total Army with an ever growing reliance being placed upon them. Army Reserve units no longer deploy, or employ, after Active Component units, but rather, we go with them -- and in many cases before some Active Component units.

The Army Reserve is a full partner in today's Total Army. Wherever the Total Army is training and making America's presence felt, the Army Reserve is there supporting that effort: REFORGER in Europe, "BRIGHT STAR" in the Middle East, "BLAZING TRAILS" in Central America, and TEAM SPIRIT and ULCHI-FOCUS LENS in Korea are examples of this effort. The Army Reserve is there serving alongside the soldiers of the Active Component, supporting the American presence in areas where potential adversaries are attempting to expand their spheres of influence.

In today's environment of constrained resources, the Army Reserve provides a cost-effective answer to the Total Army's need for combat support and combat service support units. As the need to reduce operating costs grows greater, the Army will respond by placing increasing emphasis upon the ability of its Reserve Component to meet its operational needs. Innovation and increased productivity will be demanded from all levels of the Total Army, including the Reserve Component, if we are to meet the fiscal challenges of the next several years. The Army Reserve is uniquely qualified by its very nature as an organization of dedicated and professionally competent citizen soldiers to meet those challenges. The Army Reserve must have the continued support of Congress if it is to be effective in fulfilling its mission. We recognize that in light of deficit reduction pressures, such support will be difficult to maintain during the next several years. However, we believe that the cost-effectiveness of the Reserve Component holds the key to maintaining Total Army readiness in the face of funding constraints.

Moreover, because of the already constrained level of Army Reserve funding, any reductions could seriously degrade our ability to improve the support the Total Army needs today and upon mobilization.

CURRENT STATUS: Training continues to be a most important responsibility of Army Reserve commanders at all levels. With the exception of two weeks annual active duty, this training generally takes place at the individual's home facility -- that being the Reserve Center or a nearby local training area. While we cannot always quantify it, experience teaches us that the quality and adequacy of our facilities have a direct bearing on our ability to attract and retain quality soldiers; train them properly; and, store, safeguard, and maintain our equipment.

Because of the decentralized nature of the Reserve Component, our construction requirements differ from those of the Active Components. We require a larger number of facilities that are generally smaller and more specialized than those of the Active Component. Our facilities must be located in or near the civilian communities in which our soldiers live. There are now 1,131 Army Reserve centers and 280 maintenance facilities owned or leased by the Army Reserve.

Most of our facilities were constructed during an era in which very little equipment was issued to the Army Reserve, and we had only one or two full-time personnel who worked at the Reserve center. As a result, the majority of the centers in our physical plant inventory do not have adequate space to support the storage and maintenance of equipment and for support of the additional full-time personnel now assigned to Reserve units. Our older facilities served us well at one time -- but we have outgrown them. As a result, identified construction requirements are estimated at 1.6 billion dollars.

We realize that we cannot build new facilities everywhere at one time and that some inefficiencies and crowding will occur as we continue our program to raise the equipment levels and full-time support for Reserve units. However, we must continue to improve our physical plant to the best of our ability because of the critical role our facilities play in the retention and training of the Reservist who plays such a vital role in the wartime readiness of the Total Army.

In the short run, as new units are activated in the growing Army Reserve, we are acquiring leased space to ensure that these newly activated units have a place to organize and train, and to properly maintain, store, and safeguard new equipment. After a new unit has demonstrated clearly its viability, we initiate a design to replace the interim lease with permanent construction.

Each year as we work with the Commander, US Army Forces Command to develop and prioritize our five year construction program, we take into account the total requirement, that is, the requirement to adequately support units that exist today as well as requirements to support those units that will be activated in the future. As specific projects are developed, we work with the units involved and the construction planners to ensure we design and construct facilities that meet the needs of the units involved and have some built in flexibility to accommodate change and future expansion.

I believe that we have a viable construction program that will enable us to expand and modernize the US Army Reserve physical plant to accommodate, and get maximum utility from, programmed increases in equipment and full-time personnel.

CURRENT YEAR PROGRAM: Our execution of the MCAR program continues to be outstanding. During the period 1980 thru 1986, contracts were successfully awarded on every project authorized with one exception. This is a project at Fort DeRussy, Hawaii, which is designed but has been held in abeyance pending a decision on the Department of Defense's retention of that part of the installation on which our center is located. The Fiscal Year 1987 appropriation provides for the construction of 25 projects, and as of 15 May, eleven of these projects were awarded. All of the remaining projects are scheduled for award this fiscal year, eleven of them during the remainder of the third quarter and five during the fourth quarter.

MILITARY CONSTRUCTION, ARMY RESERVE

APPROPRIATION - FY 88 REQUEST:

The appropriation requested for Fiscal Year 1988 is $95.1 million. The request will provide for $78.9 million for major construction, $5.3 million for projects that are less than $400,000 in cost, $1.6 million for unspecified minor construction, and $9.3 million for planning and design.

We are proposing 22 major construction projects and one major land acquisition. One project is in Puerto Rico and the others are located in 17 different states. The request provides for the construction of eight new Reserve centers and one armed forces reserve center that is being accomplished as a joint project with the Navy. Eight Reserve centers will be expanded or altered and 15 organizational maintenance shops, eight area maintenance support activities and two storage buildings will be constructed, expanded, or altered. A tank training facility, a marine area maintenance support activity, two regional maintenance training sites, one equipment concentration site and two local training areas are also included in the program. The projects were selected and ranked based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. All projects are at or above 95 percent design, and we envision no difficulty in the award of all projects during FY 1988. Our request also includes 22 projects that cost less than $400,000. Although smaller in scope, these projects are essential to our efforts to renovate and modernize our physical plant and to purchase land on which future construction will occur. The unspecified minor construction program will provide for emergent requirements that cost less than $400,000. Planning and design funds will provide for the design of projects in the backlog that are to be addressed in future appropriation requests.

MILITARY CONSTRUCTION, ARMY RESERVE

APPROPRIATION - FY 89 REQUEST:

The appropriation requested for Fiscal Year 1989 is $108 million. The request will provide for $89.5 million for major construction, $6.0 million for projects that are less than $400,000 in cost, $1.7 million for unspecified minor construction, and $10.8 million for planning and design.

We are proposing 38 major construction projects and one major acquisition of a facility that is currently being leased. Two projects are in Puerto Rico and the others are located in 17 different states. The authorization provides for the construction of five new Reserve centers and four armed forces reserve centers. Two of the projects are being planned for joint construction with the National Guard and three with the Navy. Twenty-one Reserve centers and one armed forces reserve center will be expanded or altered and 28 organizational maintenance shops, seven area

maintenance support activities, and five storage buildings will be constructed, expanded, or altered. One regional maintenance training site, two regional medical training centers, two equipment concentration sites, and one local training area are also included in the program. These projects too were selected and ranked based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. Thirty-three of the projects are at 35 percent design or better. We envision no difficulty in the award of all projects during FY 1989. Our request also includes 31 projects that cost less than $400,000. Although smaller in scope, these projects are essential to our efforts to renovate and modernize our physical plant and to purchase land on which future construction will occur. The unspecified minor construction program will continue to provide for emergent requirements that cost less than $400,000. Planning and design funds will provide for the design of projects in the backlog that are to be addressed in future appropriation requests.

CONCLUSION: Mr. Chairman, this concludes my statement. The committee's continuing interest and support in satisfying the construction requirement of the Army Reserve is greatly appreciated.

Biographical Data: Colonel Ross Gary Pickus

Colonel Pickus, a native of Bridgeport, Connecticut, and a current resident of Alexandria, Virginia, serves as the Assistant Deputy Chief of the Army Reserve. Commissioned as a member of the Reserve Officers Training Corps in 1958 at Washington and Lee University in Lexington, Virginia, where he majored in Journalism, and having earned a graduate degree in Management at Webster College in St. Louis, Missouri, Colonel Pickus built a record of outstanding achievement in his role as President of the Ross Construction Company and in service to his country.

During nearly 30 years of active commissioned service, Colonel Pickus has demonstrated leadership, management and motivational skills that have resulted in numerous decorations and awards. Among them are the Legion of Merit, Meritorious Service Medal with two Oak Leaf Clusters, Army Commendation Medal and an Honor Certificate from the Freedoms Foundation at Valley Forge.

In his most recent active duty assignments Colonel Pickus served as Director of Reserve Affairs in the Military Traffic Management Command, Commander of the Army Reserve Personnel Center, and Executive Officer, Office of the Chief, Army Reserve.

CORRESPONDENCE

Senator SASSER. Thank you very much, Colonel, gentlemen. Thank you for your testimony.

At this point in the record, I will insert a letter from the Army received by the subcommittee in late March concerning problems that are being experienced at Fort Drum.

[The letter follows:]

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

March 30, 1987

Honorable Jim Sasser
Chairman
Subcommittee on Military
Construction
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This letter provides the notification regarding contracting at Fort Drum required by Conference Report No. 99-1005, Making Continuing Appropriations for Fiscal Year 1987. In addition to this notification, the Army will provide detailed presentations to the committee staff and is prepared to provide similar briefings to the Committee or interested members. The Army has selected the successful low bidder for the major construction contract for the $610 million program (FY 87, 88, and 89 appropriations) and could award that contract as early as April 10, 1987, but must award it no later than April 23rd to avoid loss of the coming construction season and additional cost.

With the support of the Congress, the Army began the development of the model installation at Fort Drum following the stationing decision for Light Infantry Divisions (LIDs) announced on November 16, 1984. Extraordinary progress has been made during these past 28 months to implement that decision as evidenced by the nearly $500 million in construction funded by both government and private capital now underway at Fort Drum, as summarized at enclosure 1. This work will provide critical infrastructure (roads, utilities, communications systems, etc.) for the work to come, along with housing for families (3,501 units), and community support facilities. Not listed is the construction that is not under Federal influence, but is occurring within the region as a consequence of the Army efforts at Fort Drum. This intense and extensive effort will be continued while maximum involvement by small and disadvantaged businesses will be preserved.

The major program requirement as shown on the DD Form 1391 in February 1986 (Enclosure 2) was estimated at $743 million as individual projects, but budgeted at $615 million ($610 million was appropriated) on the assumption that major efficiencies and cost savings could be achieved by combining the work

into a major multi-year contract. This plan was later modified by reserving $50 million of projects for direct contracting with small and disadvantaged businesses, and requiring the prime contractor to reserve 50 percent of his work for small business and an additional 10 percent for small and disadvantaged business as requested by the House Armed Services Committee. Enclosure 3 summarizes the small and disadvantaged business program.

Costs were increased during the design period as the result of many factors, including: improved economic conditions in the Fort Drum region; increased competition for workers and materials; and major increases in Davis-Bacon wage rates established by the Department of Labor (enclosure 4).

The request for proposals for the major contract was widely circulated and intensive efforts were made to involve and attract competition. As a result of those endeavors, proposals were received from four consortiums representing the largest construction firms in the nation. The initial competitive proposals were received on November 19, 1986, reviewed, negotiated and further solicited on a competitive basis as detailed in enclosure 5.

While savings were achieved over the estimated cost of individual projects, the savings were not as substantial as originally hoped and were offset by the cost increase factors in enclosure 4. As a result, it is not possible to accomplish the full scope of the original project. Enclosure 6 lists all projects identified on the original DD 1391 and the current plan for their accomplishment, i.e., included in the major project to be awarded to small business, or deferred. Deferred projects will compete for funding with other Army requirements in FY 90 and beyond.

Despite the need to defer some construction, the entire division can be activated on schedule and stationed at or near Fort Drum. The Army and Air Force are currently reviewing a plan which will allow some aviation units of the division to be stationed at Griffiss Air Force Base (60 miles from Fort Drum) on an interim basis until facilities are available at Fort Drum.

In summary, the Army will be able to activate the division on schedule with the funds currently provided, however, the cost has risen due to the improvement in local economic conditions and additional projects will be required in FY 90 and beyond to complete all identified requirements. To utilize the 1987 construction season and ensure division activation on schedule, the Army plans to award the major contract as early as April 10, 1987, but no later than April 23, 1987, in

the amount of $517,253,064.00. We will provide any additional data required by the Committee upon request.

Sincerely,

John W. Shannon
Assistant Secretary of the Army
(Installations and Logistics)

Enclosures

27 MAR 87

FORT DRUM FUNDING STATUS

SOURCE	FY	$M	ITEM	STATUS
NON-FED				
	85	100*	Sec 801 Hsg. 1400 units	Construction and occupancy in progress.
	86	25*	" " " 300 "	Contract awarded.
	87	25	" " " 300 "	DOD RFP being revised.
	87	3	Transient Lodging Facility	Proposals being evaluated.
	86	53*	COCO Heat Plant	Notice to proceed issued.
	86	27*	Wastewater Treatment	DANC construction in progress.
		11	Water Supply	Private (DANC) vs. MCA being evaluated
		2.1	Bank/Credit Union	Key Bank, Summer of 88.
		25	New Access Highway	N Y State DOT
SUB-TOT = $271.1				
NAF	86	17.5*	Shopping Mall: Commissary $9.0M (NAF) PX $8.5M (NAF)	Construction in progress.
	86	18*	MWR Facilities	Construction in progress.
	88	11	community Facil. incl gas sta., branch exch, two regiment dining halls.	Being developed.
SUB-TOT = $46.5				

1040

Encl 1

27 MAR 87

FORT DRUM FUNDING STATUS

SOURCE	FY	$M	ITEM	STATUS
OMA	85	19*	Rehab WW II wood	Construction complete.
	87	5	" " " "	Project being developed.
SUB-TOT = $24				
AFH	86	51*	700 units	Construction in progress.
	87	86.5*	1101 units	Contract awarded 23 Mar 87.
	88	10	100 units	
SUB-TOT = 147.5				
MCA	85	8.2*	Rehab WW II wood	Construction complete.
	86	2 *	Child Development Center	Construction in progress.
		1 *	Fire Station	" " "
		78 *	Infrastructure (incl. roads, utilities, commo)	" " "
	87	610	Major Facilities Contract	Proposals have been evaluated.
			610 = 175 + 221 + 214	
			- 31 = Contingencies and SIOH	
			- 50 = SADB	
			- .9* = Military Clothing Sales Store	
			- 7* = Communications Systems	
			= 521.1	

SUB-TOT = $699.2

TOTAL ALL SOURCES = $1188.3M

*TOTAL UNDER CONSTRUCTION = 494.1M

Encl 1

1041

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	3. DATE
ARMY		14 FEB 86

2. INSTALLATION AND LOCATION	4. PROJECT TITLE
Fort Drum, New York	10th Mountain Division Facilities

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST ($000)
22611A	141	1000	Auth 615,000 Approp 232,000

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
Primary Facility 10th Mountain Division Facilities (see paragraph titled ADDITIONAL below for breakout of scope and costs)	LS	-	-	743,000
Costs for Supporting Facilities, Contingencies, and SIOH are included in the costs given above.	-	-	-	-
Reduction for Anticipated Savings				-128,000
The CWE for this project, using traditional cost estimating, contracting, and construction methods for individual projects is $743M, as shown in the following estimates. With the approval of the requested full authorization and advance appropriations, the Army will be able to gain significiant savings and expects to construct this critical facility within the requested $615M. Specifically, the Army will be able to maximize savings resulting from the magnitude of the contracts and the intrinsic efficiencies and economies of scale.				
Revised Project Total				615,000

10. Description of Proposed Construction: Construct various permanent real property facilities to house, train, maintain, and support an Army Division of 10,380 soldiers to be stationed at this installation. Work will include structures, roads, utilities services, site preparation, demolition and other construction efforts as required. The Army proposes to accomplish this project by full authorization of the scope of work, an appropriation in FY 87 and advance appropriation to be available in FY 88 and FY 89.

11. REQUIREMENT:

PROJECT: Construct various categories of real property facilities for the stationing of a Light Infantry Division. The Army's plan is to construct all facilities at Fort Drum as a continuous project using large construction contract(s) with full authorization and appropriation in FY 87 and advance appropriations over two consecutive years (FY 88 & 89). This technique will permit significant monetary savings to the government as a result of construction efficiencies and economies of scale. Integral to this plan is a construction paced, rather than an appropriations paced, facilities delivery schedule. Therefore, the annual appropriations requests in support of this project are based on anticipated contractor financial investment and cumulative construction placement rather than the delivery of individual

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		14 FEB 86

3. INSTALLATION AND LOCATION

Fort Drum, New York

4. PROJECT TITLE	5. PROJECT NUMBER
10th Mountain Division Facilities	1000

11. REQUIREMENT: (Continued)
PROJECT: (Continued)
facilities. Also, the amounts allocated to each category of facilities may vary annually according to the contractors most efficient construction schedule and are presented as the best estimate based on requirements for facilities and estimated construction durations. Appropriations are required as follows: FY 87 - $232 M; FY 88 - $221 M; FY 89 - $162 M.
REQUIREMENT: Basic installation housing, operations and support facilities are required to support activation and fielding of the 10th Mountain Division (MD) at Fort Drum. As the Division is activated and fielded at Fort Drum, it will occupy limited existing installation facilities designed and constructed during the early period of World War II. The limited World War II facilities available are inadequate to support a modern infantry division. The personnel and equipment organic to, and in support of, the 10th MD require troop housing and dining facilities, operations buildings, maintenance shops, medical/dental facilities, warehousing, storage, administrative buildings, utilities systems, roads, military family housing and other facilities required for a division sized installation.
CURRENT SITUATION: Fort Drum has a very limited number of permanent modern facilities. Except for periods when the U.S. has been at war, the primary function of the installation has been annual active duty training for reserve components utilizing the World War II wooden barracks, administrative facilities and utility support during the summer training periods. The existing temporary-type facilities are now more than forty years old, but must be retained for the reserve component training mission and additional, modern, permanent-type buildings provided to adequately house and support the 10th Mountain Division.
IMPACT IF NOT PROVIDED: If this project is not provided, Fort Drum cannot adequately support the personnel and mission of the 10th Mountain Division, resulting in decreased readiness and operational capability to respond to worldwide rapid deployment requirements.
ADDITIONAL:
A breakout of the proposed construction is as follows:

CATCODE	PROJECT DESCRIPTION	QUANTITY	ESTIMATED COST ($000)
	Operation Facilities	Total Cost =	102,840
113	RW Aircraft Parking Apron	LS	6,400
113	RW Aircraft Hangar Aprons	LS	18,000
121	RW Aircraft Fuel Truck Building	1 EA	290

PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		14 FEB 86

3. INSTALLATION AND LOCATION

Fort Drum, New York

4. PROJECT TITLE	5. PROJECT NUMBER
10th Mountain Division Facilities	1000

11. REQUIREMENT: (Continued)
ADDITIONAL: (Continued)

124	RW Aircraft Fuel Storage	LS	2,300
131	Telephone System Expansion	LS	20,000
136	Airfield Fence	LS	1,600
141	Battalion Headquarters w/Classroom	17 EA	26,500
141	Brigade Headquarters w/Learning Center	5 EA	9,300
141	Division Headquarters	1 EA	8,900
141	Airfield Operations Facilities	1 EA	7,200
141	Combined Arms Water Obstacle Training (CAWOT) Operations Facility	1 EA	2,350
	Training Facilities	Total Cost =	26,390
171	Range Control Building	1 EA	2,600
171	Training Aids Support Center	1 EA	2,700
171	Moving Target Simulator Building	1 EA	760
171	Battle Simulation Center	1 EA	3,050
179	Automated Record Fire Range	1 EA	1,800
179	Urban Area Operations Range	1 EA	6,000
179	Infantry Platoon Battle Course	1 EA	1,200
179	Anti-Armor Live Fire Range	1 EA	3,200
179	Observed Fire Trainer	1 EA	230
179	Air Defense Training Range	1 EA	2,200
179	Machine Gun Range	1 EA	2,650
	Maintenance Facilities	Total Cost =	169,400
211	RW Aircraft Maintenance Hangars	5 EA	32,750
214	Vehicle Mtce Shops-Organizational	15 EA	84,900
214	Vehicle Mtce Shops-Direct Support	1 EA	8,400
214	Vehicle Mtce Shops-General Support	1 EA	24,000
214	Central Vehicle Wash Facility	1 EA	8,100
216	Ammo Surveillance Facility	1 EA	1,650
218	Non-TOE Vehicle Maintenance Shop	1 EA	3,100
219	Post Engr Building Maintenance Shops	1 EA	6,500
	Supply Facilities	Total Cost =	24,780
422	Ammo Supply Point Expansion	1 EA	1,900
441	Flammable Material Storehouse	1 EA	630
441	Transportation Warehouse	1 EA	2,150
442	Warehouse-Division Breakdown	1 EA	4,200

1. COMPONENT	FY 1997 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		14 FEB 95

3. INSTALLATION AND LOCATION

Fort Drum, New York

4. PROJECT TITLE	5. PROJECT NUMBER
10th Mountain Division Facilities	1000

11. REQUIREMENT: (Continued)

ADDITIONAL: (Continued)

442	Post Engr Storehouse	1 EA	4,100
442	Subsistence Whse & Cold Storage	1 EA	2,400
442	POL Storehouse (Packaged Products)	1 EA	1,150
442	Medical Supply Warehouse	1 EA	2,100
442	War Reserve Med Supply Whse	1 EA	1,350
442	Post Engr Veh Garage	1 EA	380
442	Post Engr Lumber/Pipe Shed	1 EA	390
442	Storehouse, Air-to-Ground Training Devices	1 EA	1,300
442	Pesticide Storage/Mixing Facility	1 EA	310
442	Hazardous Waste Storage Fac	1 EA	270
442	Installation Property Book Facility	1 EA	2,150
	Medical Facilities	Total Cost =	23,200
540	Dental Clinic	1 EA	4,550
550	Troop Medical Clinic	1 EA	3,650
550	Ambulatory Health Care Clinic	1 EA	15,000
	Administrative Buildings	Total Cost =	9,100
610	Post Safety & Law Enforce Building	1 EA	3,350
610	Post Engineer Operations Building	1 EA	1,900
610	Administration Bldg General Support	1 EA	1,350
610	Logistics Operations Building	1 EA	2,500
	Unaccompanied Personnel Housing	Total Cost =	182,100
721	Enlisted Barracks w/Co Opns & Supply (498IPN)	LS	139,500
721	Senior Enlisted Bachelor Quarters (336PN)	2 EA	6,750
722	Enlisted Dining Facilities	8 EA	18,050
724	Bachelor Officer's Quarters (300PN)	2 EA	17,800
	Community Facility	Total Cost	54,950
730	Post Chapel	1 EA	1,800
730	Unit Chapel	4 EA	6,150
740	Physical Fitness Center	1 EA	10,200
740	Multi-Purpose Auditorium/Theater	1 EA	1,900
740	Child Care/Religious Ed Fac (300 Child)	1 EA	5,100
740	Clothing Sales Store	1 EA	1,150
740	Consolidated Post Support Facility	1 EA	13,400

PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	2. DATE
ARMY		14 FEB 86

3. INSTALLATION AND LOCATION

Fort Drum, New York

4. PROJECT TITLE	5. PROJECT NUMBER
10th Mountain Division Facilities	1000

11. REQUIREMENT: (Continued)

ADDITIONAL: (Continued)

740	Recreation Center	1 EA	4,100
740	Morale, Welfare & Recreation Operation & Supply Building	1 EA	1,600
740	Library/Education Center	1 EA	6,200
740	Child Care Center (300 Child)	1 EA	3,350
	Utilities & Real Estate	Total Cost =	150,070
812	Elec Power-Transmission/Distribution	LS	7,470
822	Hot Water Distribution Lines	LS	25,550
832	Sewage Collection & Landfill	LS	14,600
842	Water Supply, Treatmt & Distn Sys-Potable	LS	41,300
851	Roads	LS	48,800
851	Gas Pipe Line	LS	1,950
932	General Site Development	LS	10,400
	Grand Total Cost	=	742,830 *
	Total Cost (Rounded)	=	743,000

* Costs include contingency (5.0%) plus supervision, inspection & overhead (5.50%)

12. SUPPLEMENTAL DATA:

A. Estimated Design Data:

(1) Status:

(a) Date Design Started ..... FEB 85
(b) Percent Complete As Of January 1986 35
(c) Percent Complete As Of October 1986 85
(d) Date Design Complete ..... MAR 87

(2) Basis:

(a) Standard or Definitive Design - Yes X No ___
(b) Where Design Was Most Recently Used Multiple Locations

(3) Total Cost (c) = (a)+(b) or (d)+(e): ($000)

(a) Production of Plans and Specifications 28,222
(b) All Other Design Costs 13,500
(c) Total Cost 41,722
(d) Contract .....
(e) In-house .....

1. COMPONENT	FY 1987 MILITARY CONSTRUCTION PROJECT DATA	3. DATE
ARMY		14 FEB 86

3. INSTALLATION AND LOCATION

Fort Drum, New York

4. PROJECT TITLE	5. PROJECT NUMBER
10th Mountain Division Facilities	1000

12. SUPPLEMENTAL DATA: (Continued)

A. Estimated Design Data: (Continued)

(4) Construction Start ..... MAY 87
month & year

B. Equipment associated with this project which will be provided from other appropriations:

Equipment Nomenclature	Procuring Appropriation	Fiscal Year Appropriated Or Requested	Cost ($000)
None			

PREVIOUS EDITIONS MAY BE USED INTERNALLY UNTIL EXHAUSTED

Fort Drum Expansion

Small and Small Disadvantaged Business Program

1. Market Awareness Development. During the design phase of the program, a number of outreach efforts were made by the Corps of Engineers, in coordination with Small Business Administration (SBA) and New York State Department of Commerce to familiarize the Small Business and Small Disadvantage Business (SB&SDB) communities with the program.

a. Local builders exchanges and associations were provided with plans and specifications.

b. Numerous presentations were made to interested groups within and beyond the region of Fort Drum.

c. A data base was provided to plan holders for the large contract which facilitated contact between prime and sub-contractors.

d. Two pre-proposal conferences were held to assure that plan holders understood the program.

2. Small Business Set-Aside Program. Projects estimated at $50 million were set aside from the major contract, to be awarded directly to the small business community. Many of these will be negotiated under the 8a Program. This program, spread over the 87-89 time frame, will allow SB&SDB to participate as prime contractors.

3. The Subcontracting Plan for the Major Contract. The apparent successful proposer for the large contract has offered a subcontracting plan which is considered a model for industry. Participation by both SB&SDB exceeds original expectations, and is based on a carefully considered incorporation of subcontract effort into the execution of the contract. Over and above the requirements of PL 95-507, several innovations make the plan attractive to SB&SDB: a dedicated department, headed by the corporate SADBU officer will provide guidance and training to interested subcontractors; a project-wide insurance plan will facilitate participation, especially by SDB; an extensive market survey has been conducted which provides the data base for plan execution; and, bonding will be waived for subcontractors who otherwise are qualified to participate, but who do not qualify for bonding. The preparation which has gone into the plan is evident, and should generate the maximum practicable opportunities to participate.

Encl 3

Encl 4

Rationale For Cost Increases

(NOTE: All percentages refer to the initial base estimate of $743M)

1. Cost Escalation. The initial government estimate ($743M) included an anticipated cost increase of 18.49 percent over the five-year procurement period. That escalation factor was based on then current DOD guidance which has, based on experience to date, understated the 1985 and 1986 increase by 3.35 percent. Using this actual experience, the projected cost escalation from the 1985 base will be 26.31 percent or 7.8 percent greater than that reflected in the $743M estimate. This results in a $58M increase over $743M.

+7.8%, $58M

2. Local Economic Conditions. A measured decrease of 2.9 percent has been experienced in the local area unemployment to date, and that trend is certain to continue. A labor cost increase is incurred by a ratio of 0.5 percent increase in cost to each one percent decrease in unemployment rates. In addition, the average hourly Davis-Bacon wage rate approved by DOL has increased from $16.26 per hour in December 1985, to $20.98 per hour at present for an estimated 9.2 million man hours. This is an increase of 21 percent for labor beyond escalation and results in a $34.5 million increase in project estimates due to Davis-Bacon changes. The total increase for local economic conditions is estimated at $58.3 million.

+7.8%, $58.3M

3. Prime to Sub-Contractor Ratios. The government estimates were originally constructed on the traditional ratio of 50/50, prime to sub-contractors. The actual 30/70 ratio included in the current proposals provides the advantage of increased participation by small businesses but results in a cost increase for payments to the prime for work done by the sub-contractors.

+2.4%, $18.0

4. Schedule. Original government estimate was based on a construction paced schedule which required no compression of activities during any particular fiscal year. In order to accommodate both the 10th MTN Divisions' activation schedule and the construction effort, a compromise schedule was developed. Although the total contract duration was reduced by 11 months, from the 55 month construction schedule, it is attainable. While it reduces the contracts anticipated growth due to inflation ($-12.6M) it does require concurrent construction of several complexes during the first two years of construction. This creates some inefficiencies due to manpower loading peaks and crew crowding. This offsets savings due to reduced overhead by $18.3M for a net increase in of $5.7M in the contract cost.

0.8%, $5.7M

5. Increased Rock Excavation. Unforeseen site conditions in one sector resulted in unusual rock excavation requirements.

+1.5%, $11.0M

6. Site adaptation changes. Changes were accomplished to original design concepts to accommodate local conditions. For example: Cold weather required additional ventilation systems in barracks for health purposes; height of warehouses increased seven feet to accommodate new stacking heights and materials handling systems; hangars were equipped with foam type fire suppression systems; and vehicle maintenance facilities were increased in size to

permit scheduled maintenance indoors during the severe winter months.

+4.7%, $34.7M

7. Seismic Protection. The initial $743 million estimate was based on a seismic zone 1 calculation. The final design now reflects the increased safety and structural requirements for seismic zone 2. This resulted in an increase of 3.4 percent for vertical structures.

+3.4%, $25.6M

8. Contractor Overhead and Profit. The factor used to compute contractor overhead costs in the original estimates was based on a fixed cost determined by the contractors management organization. Such cost was prorated to each individual project. The reduction in project scope necessitated by other cost increases will not reduce the contractors overall management organization. Therefore, the same fixed costs must be prorated over a smaller base. The higher overhead percent reflected in contractor prices is therefore appropriate. Initial estimates of contractor profit were held at two-percent. This was considered reasonable based on the size of the project and market conditions at that time. Profit includes the return a contractor requires to justify his resource investment plus the risk he assumes by a fixed price. Local and national economic conditions have contributed to the perception of increased risk on the part of all proposers. A growing shortage of skilled local labor, questions of labor productivity, long range cost projections for oil, and a low subcontractor interest, expressed in the small number of firm quotes at relatively higher prices, are some of the causes for contractor concern. The increased allowance for profit in current government estimates is therefore considered as a more fair reflection of current market conditions.

+4.5%, $33.4M

9. Value Engineering. Intense Value Engineering efforts were conducted throughout the development of this project. During the design phase, VE was conducted through interaction of the design firms and close management of their products. An estimated $60 million was saved during the process. During the negotiation phase, numerous cost savings were identified and incorporated by amendments leading to the best and final price. The savings resulted from changes in the contracts administrative requirements as well as technical revisions to the plans and specifications. Typical of the administrative changes were frequency of government partial payments, simplification of the shop drawing review process, and reduction of the penal amount of the contractors performance bond. Technical changes included government provision of on-base disposal and borrow areas, simplified design details for exterior building walls/ floor slabs, and revision to electrical and mechanical systems. These revisions are all in concert with accepted design standards and did not reduce either the quality of construction or the contracting officers ability to administer this program. Savings for the FY 87+ package are estimated to be $57.0 million.

-$117.0M

10. Economies of Scale. Significant savings did result as a consequence of a project of this magnitude. These savings are difficult to itemize and tend to blend together over many items, including factors such as efficiencies gained through repetitive tasks and construction practices. Also, during the cost estimating phase we predicted a 15 percent reduction in the costs of materials, which were estimated at 40 percent of the total contract cost. Our analysis of proposals and markets indicates that a reduction of about 7.5 percent in material costs was experienced which resulted in about

half (3 percent of contract price) of the expected (6 percent) savings being achieved.It is estimated that savings of about $62.2 million should be attributed to economies of scale.

-$62.2M

11. Based on economies derived from one large contract and user commitment to minimize changes, anticipated savings in Supervision, Inspection, and Overhead (SIOH) and contingencies, of approximately 31 million may be achieved.

Encl 4

Encl 5

Summary of Procurement Action - Major Construction Contract

The size and complexity of the major construction contract for Fort Drum necessitated procurement by a process of competitive negotiations, considering management and technical factors in addition to price. This approach better assures that the successful proposer is fully capable of meeting the quality, cost, and schedule requirements and fully understands all contract requirements.

An evaluation and negotiating team consisting of senior experienced engineer, procurement and legal representatives of the Corps of Engineers was assembled. Then, in August 1986 following a series of public meetings for industry sponsored by the Corps, five Industrial Joint Ventures submitted management proposals detailing proposed organization, financial strength, scheduling and procurement philosophy, etc., to enter the competition. These proposals were evaluated and ranked.

Then, on 19 November 1986, technical and price proposals were submitted by four of those joint-ventures. (The fifth proposer withdrew without explanation.) Those technical proposals were initially evaluated without consideration of cost. All four proposals were determined to be technically qualified. The price proposals were then evaluated. Since all proposals exceeded both available funds and the government estimate discussions were held.

Cost and pricing data were evaluated, total quantities for key materials were analyzed, contractor mark ups were discussed, the intent of administrative and technical requirements was clarified and potential cost savings were identified. As a result of this discussion, an amendment was issued which revised administrative and technical requirements to reduce cost, creating a base bid with options list and the movement of 11 projects to a listing of unfunded requirements. Revised proposals were received reflecting these changes.

Proposals received on 20 January 1987 again exceeded available funds. Additional discussions were held and an amendment issued which reflected greater value engineering cost reductions as well as scope reductions (10 projects from the base bid and 14 from option list). All four proposers submitted best and final offers on 10 March 1987. Price analysis and cost comparison with the final government estimate confirmed the low proposal was fair and reasonable and represented true market value. However, since the proposed cost still exceeded funds available, one final attempt was made to identify potential value engineering cost savings. As a result, discussions were reopened and all proposers were requested to submit a revised best and final proposal. In response, on 19 March 1987, proposals were received. The low proposer was within the government estimate and adjusted funds available, and award of the contract was recommended.

Projects in Contract

Base Bid

CATCODE	PROJECT DESCRIPTION
	Operation Facilities
131	Telephone System Expansion - LS
141	Battalion Headquarters w/Classroom - 17 ea
141	Brigade Headquarters w/Learning Center - 5 ea

	Maintenance Facilities
214	Vehicle Mtce Shops - Organizational - 15 ea
214	Vehicle Mtce Shops - General Support - 1 ea
	Supply Facilities
442	Medical Log Ops Bldg - 1 ea
	Medical Facilities
540	Dental Clinic - 1 ea
550	Troop Medical Clinic - 1 ea
550	Ambulatory Health Care Clinic - 1 ea
	Unaccompanied Personnel Housing
721	Enlisted Barracks w/Co OPns & Supply - LS
722	Enlisted Dining Facilities - 6 ea
	Community Facilities
740	Physical Fitness Center - 1 ea
	Utilities & Real Estate
812	Electrical Distribution - LS
822	High Temperture- Hot Water - LS
832	Sanitary Sewers - LS
842	Water Distribution System (potable) - LS
851	Paved Roads - LS
851	Gas Pipe Line - LS

SBA Projects

CATCODE	PROJECT DESCRIPTION
	Operation Facilities
136	Airfield Security Fence - LS
	Maintenance Facilities
211	RW Aircraft Maintenance Hangars - 1 ea
216	Ammo Surveillance Facility - 1 ea
	Supply Facilities
422	Ammo Supply Point Expansion - 1 ea
442	Warehouse - Division Breakdown - 1 ea
442	Post Engr Storehouse - 1 ea

442	Subsistence Warehouse & Cold Storage - 1 ea
442	Pesticide Storage/Mixing Facility - 1 ea
442	Hazardous Waste Storage Facility - 1 ea
442	Installation Property Book Facility - 1 ea
	Unaccompanied Personnel Housing
721	Senior Enlisted Bachelor Quarters - 1 ea
	Community Facilities
730	Post Chapel - 1 ea
730	Unit Chapel - 1 & 2
740	Recreation Center - 1 ea
740	Child Care/Religion Ed Ctr - 1 ea
740	Child Care Svc Ctr - 1 ea
	Utilities and Real Estate
932	General Site Development - LS

Deferred Projects

CATCODE	PROJECT DESCRIPTION
	Operation Facilities
113	RW Aircraft Parking Apron - LS
113	RW Aircraft Hangar Aprons - LS
121	RW Aircraft Fuel Truck Buildings - 1 ea
124	RW Aircraft Fuel Storage - LS
141	Division Headquarters - 1 ea
141	Airfield Operations Facilities - 1 ea
141	Combined Arms Water Obstacle Training (CAWOT) Operation Facility - 1 ea
	Training Facilities
171	Range Control Building - 1 ea
171	Training Aids Support Center - 1 ea
171	Moving Target Simulator Building - 1 ea
171	Battle Simulation Center - 1 ea
179	Automated Record Fire Range - 1 ea
179	Urban Area Operations Range - 1 ea
179	Infantry Platoon Battle Course - 1 ea
179	Anti-Armor Live Fire Range - 1 ea

CATCODE	PROJECT DESCRIPTION
179	Air Defense Training Range - 1 ea
179	Machine Gun Range - 1 ea
	Maintenance Facilities
211	RW Aircraft Maint Hangars - 4 ea
214	Central Vehicle Wash Facility - 1 ea
214	Vehicle Mtce Shops - Direct Support - 1 ea
218	Non-TOE Vehicle Maintenance Shop - 1 ea
219	Post Engr Building Maintenance Shops - 1 ea
	Supply Facilities
441	Flammable Material Storehouse - 1 ea
441	Transportation Warehouse - 1 ea
442	POL Storehouse - 1 ea
442	War Reserve Med Supply Warehouse - 1 ea
442	Post Engr Veh Garage - 1 ea
442	Post Engr Lumber/Pipe Shed - 1 ea
442	Storehouse. Air to Ground training devices - 1 ea
	Administrative Buildings
610	Post Safety and Law Enforce Building - 1 ea
610	Post Engineer Operations Building - 1 ea
610	Administration Bldg General Support - 1 ea
610	Logistics Operations Building - 1 ea
	Unaccompanied Personnel Housing
721	Enlisted Barracks with Company Opns & Supply - LS
721	Senior Enl Bachelor Quarters - 1 ea
722	Enlisted Dining Fac - 2 ea (Airfield)
724	Bachelor Officer's Quarters - 1 ea
724	Single Enl Personal Qtrs - 1 ea
	Community Facilities
730	Unit Chapels 3 & 4
740	Multi-Purpose Auditorium/Theater - 1 ea
740	Consolidated Post Support Facility - 1 ea
740	Morale, Welfare, and Recreation Operation and Supply Building - 1 ea
740	Library/Education Center - 1 ea

CATCODE	PROJECT DESCRIPTION
	Utilities and Real Estate
842	Water Supply, Treatment and Distn Sys-Potable - LS
842	Sanitary Landfill - LS
932	Site Development - LS
932	Ponds and Dams - LS

NOTE: Action is underway to reduce the deferred list by elimination of construction now being considered for provisions by a regional authority and projects no longer required due to changing marital rates and other mission considerations. The estimated original cost of aviation and other support facilities which will be programed in FY 90 and beyond is $157 million.

FORT DRUM

Senator SASSER. General Dacey, can you summarize the problems that you have experienced with the Fort Drum construction contract?

General DACEY. Yes, sir; 2 years ago, the Army tried to come up with an innovative method for providing the facilities necessary for the activation of the 10th Light Infantry Division at Fort Drum, NY.

At that time, there was one permanent building on the post, that being a barracks that had been built for the 76th Engineer Battalion in 1982.

The method the Army selected to do this was to try and go with a very large contract to get economy of scale to be able to build the building repetitively, and not having to pay additional mobilization costs as contractors moved onto and off of the site.

The Army estimate, as we put it together, was that we could get most of those facilities for $610 million. When we made those estimates, we were looking at the economy as it existed at the time, at the wage rates that were being paid.

And we decided that we thought we could get it for that. With 20/20 hindsight, we should have realized that at the time we awarded the contract that there would be a substantial amount of construction underway at Fort Drum, not only by the Army but by third parties.

We had let contracts to build housing. We had let contracts to put in a pipeline to carry the sewage to a sewage treatment plant. We had a third party putting up a heat plant. We had also let a contract to go in and do the substructure, the utility systems, so that they would be in place.

The net effect of that was when it came time to go to best and final offers with the contractors, there was already 400 million dollars' worth of construction underway. And that drove up the labor rates. It drove up the quotes from the suppliers and the subcontractors. And it became obvious that we could not buy all of the facilities we desired for $610 million.

The Chief of Staff of the Army made the decision, with the concurrence of Mr. Shannon and the Secretary, that we would build the essential facilities to activate the division, and that the remaining facilities which were deferred would have to compete for resources in later years with the rest of the needs of the Army worldwide.

WAGE-RATE INCREASES ON FORT DRUM CONSTRUCTION

Senator SASSER. General, it is mind-boggling that an error like that could be made. How could we not anticipate that, if we are going to go in there and spend three-quarters of $1 billion just to build Fort Drum, or close to three-quarters of $1 billion, and all the structures that would be built privately, adjacent to it, to support it, how could we possibly believe that the prevailing wage scale that was there prior to the beginning of this construction would hold firm?

I mean, that would occasion the repeal of the law of supply and demand.

General DACEY. Yes, sir; but also, when we deal with the Office of the Secretary of Defense and with OMB, we did not want to build any self-fulfilling prophecies. We did not want to predict the higher numbers.

We knew it would go up; but we did not know it would go up as much as it did. We had three wage-rate determinations during the year that we were in negotiation that significantly increased the wages in each of the trades and skills in northern New York.

I cannot say to you, sir, how we could have missed it by that much; but we did.

Senator SASSER. Well, I am astonished. I have a very high regard for the Corps of Engineers. They have been in business a long time. I think you have some of the finest officers in the service.

In fact, I sometimes think they have got the cream of the service. And maybe we have got too many fine officers in the Corps of Engineers that ought to be in other places.

But they missed the boat on this, did they not?

General DACEY. Yes, sir, we did.

CONSTRUCTION ESTIMATES AT FORT DRUM

Senator SASSER. Now, you were telling us that the original estimate was $743 million.

General DACEY. That is correct, sir.

Senator SASSER. And you came in later and said if we came with a lump sum, it could be done for $615 million.

General DACEY. That is correct, sir.

Senator SASSER. And now we find it cannot be done for the $615 million, and we are in the business of deferring projects that were in the original proposal to a later date.

Well, I must say that I am very, very concerned about these problems. This subcommittee has supported the light infantry division concept.

I must say to you that I, and I think probably other members of the committee, had very serious reservations at the outset about this whole concept of building a new base up in New York in an area where they get a lot of snow every year. There was some question about whether this was the ideal training area. But maybe it was for the type of division that we were seeking to create.

But the magnitude of these errors, I think, really give me some very severe problems.

DELETION OF CERTAIN FACILITIES

Let us talk about the facilities that are going to have to be deleted. We are starting out here with a concept of a light infantry division in a totally new base, and we are going to have to have training ranges and training areas that are peculiar to training this particular type of division.

Are we going to be deferring some of the training areas and training ranges and training facilities that are necessary to turn out a competent, highly competent, light infantry division?

General DACEY. Sir, Fort Drum, NY, formerly Camp Drum, formerly Pine Camp, has been an Army installation since the early part of the century. It was used extensively in World War II and Korea, but primarily it has been used for the summer training of Guard and Reserve units, particularly for our Guard division stationed in New York.

With moneys that the Congress had provided 2 years ago, we went through and upgraded the existing ranges. So there are adequate ranges existing at Fort Drum today to activate and train the division.

They do not have the latest moving target simulators. We do not have a decent training facility for the combat in urban terrain, or a MOUT facility. That has been deferred, and it will have to be put in later.

But General Palastra, the FORSCOM commander, and General Carpenter, the commander of the group at Fort Drum, went through a very extensive analysis to ensure, before we deferred any range project, that we would, in fact, be able to accomplish all the training necessary to validate the battalions and to certify them, sir.

OVERVIEW OF DEFERRED PROJECTS

Senator SASSER. Give us, if you will, give us an overview of some of the salient projects that are going to have to be deferred now?

Mr. SHANNON. If I may, Mr. Chairman, let me say the Secretary of the Army, too, was concerned when we found that we would not be able to put the division on the ground as he anticipated.

And he personally got involved in making the decision. And I would like for General Dacey to go over the entire list with you.

But the Secretary of the Army directed that facilities where the soldiers would live and work would have priority to go in at Fort Drum.

A division headquarters would be one of those projects that would be deferred. The aviation facility would be deferred because of the ability to temporarily use Griffiss Air Force Base.

Maintenance facilities for those pieces of equipment which a light division would have would have to go in the ground. We did defer some chapel facilities, and we had some difficulty with the chaplains doing that, and I am sure we will have to answer for that.

But those types of facilities, auxiliary support facilities, were deferred. The central core of the division had first priority, and that was a conscious decision on the part of the Secretary of the Army in discussions with the Chief of Staff.

I would like, so you will have the exact list of those facilities, for General Dacey to address those facilities. But we did, and we have worked out an agreement with the Air Force temporarily to put some aviation units at Griffiss Air Force Base.

General DACEY. Sir, over one-third, about $60 million of the $157 million that we had to defer are in the aviation facilities that Mr. Shannon mentioned.

We then looked at things that we could defer, such as the new shops for the Director of Engineering and Housing; the new shop for the Director of Logistics.

We went through the list; we took out the division headquarters. But we left in, as Mr. Shannon said, all of the billeting facilities, with the exception of one company that is currently stationed at Fort Devens, MA, that we will move over later when we can build their facility.

We did all of the motor pools. We did all of the tactical equipment shops. We did those ranges that were essential, in addition to the ranges that existed.

In order to take care of all of the soldiers and their families, we did not cut back on the family housing or the support facilities. We also have taken NAF construction to put in the new PX and commissary, and we are putting in the other support facilities for the people.

So we will have a viable installation that can sustain the division and its training, but will compete with other installations around the United States for the additional upgrade and out-year programs.

AVIATION FACILITIES

Senator SASSER. So the aviation facilities, are they deferred permanently, or will they compete in the future for funds with other facilities in the Army structure?

Mr. SHANNON. Mr. Chairman, the Secretary made it perfectly clear that it would have to compete with other facilities, as the priorities exist in the out-years, as long as his administration was in.

So that facility, the aviation activities, would not have a priority over any other project in the Army in the out-years. And he has directed that it not be included until we have completed the 3-years' advanced authorization. Then it would take its place in line with the other projects in the Army.

Senator SASSER. How much would Fort Drum cost in today's figures if nothing were deferred?

General DACEY. I did not understand the question.

Senator SASSER. How much would Fort Drum cost if all the projects were funded, if nothing were deferred?

General DACEY. In appropriated funds, both Army family housing and MILCON, and nonappropriated funds, and if we looked at the 801 and were to capitalize that, the total cost would be somewhere close to $1.3 billion, sir.

Senator SASSER. I see, all right.

Senator Stevens.

Senator STEVENS. Thank you very much, Mr. Chairman.

First, I want to welcome Secretary Shannon. My staff has just reminded me that in Anchorage, he is known as the bird man of Anchorage.

REFUSE DISPOSAL

We had problems, Mr. Chairman, that the Secretary got involved in in terms of the joint use of refuse disposal area that involved the problem of relocation, because of the attractiveness to birds of such an installation and its interference with the helicopter flight path.

And Mr. Shannon, I was wondering if the city of New York needed your services lately.

Mr. SHANNON. I am not going to get involved with the barge floating around, Senator Stevens.

Senator STEVENS. That was as tough a problem as you handled. And you handled it very well. The mayor told me if I saw you to thank you again, and that worked out very well.

Mr. SHANNON. Thank you.

6TH LIGHT INFANTRY DIVISION, FORT WAINWRIGHT AND FORT RICHARDSON FOR ARMY FAMILY HOUSING

Senator STEVENS. I am obviously interested in the light division. Your request this year was for $76 million for military construction and $20 million for new construction for family housing for the 6th Light Division at Fort Wainwright and Fort Richardson.

And I might say to the chairman that this involved a new light division, two-thirds of which is in Alaska, really, and involved use of existing military facilities.

But the problem really is the change in the Army. When Fort Wainwright had about 15,000 people there before, they were mostly unaccompanied. The Army of the past was an unaccompanied Army.

And now we have a new Army with more than 50 percent of these people who are in the Army on a career basis now are married in the age bracket of 20 to 25. It is a very interesting Army.

And that has really brought about the demand for the new family housing. But what I am interested in is, the House bill has recommended $44.9 million reduction in the MILCON, and cuts off $29 million of the new family housing request.

Our Senate authorization bill fully supported the request, but in terms of the 6th Infantry Division, General Dacey, can you tell us what would happen to the mission of the 6th Light Division in Alaska if the House figure were sustained?

Mr. SHANNON. Let me, Senator Stevens, talk to that first.

There are certain projects that are vital to the 6th Division coming on line. First of all, we have a $15 million barracks modernization at Wainwright which is included in the $44 million that would be reduced.

We have maintenance facilities—42 million dollars' worth of maintenance facilities that we need to complete at Wainwright. And additionally, we have battalion headquarters and a flight simulation building—facilities we need to complete.

If you cut the family housing, if you cut the $29 million out of family housing, you gut it completely. The only other housing we have going in at Wainwright is 801 housing. We have 400 units under construction and a request for 300 more units. We have a request for 150 units of AFH in fiscal year 1989 out, that is far out.

So the current 801 under construction would be the only family housing that would come on line in the near term.

So the Secretary of the Army would have to make some very critical decisions as to when that division would come on line or what portion of it could come on line.

And, therefore, you would only have up there what you have now, one brigade, and you would not be able to bring the other brigade on line. It is very simple. It does not take a genius to figure that out.

But that is what would happen if we did not receive the $77 million that we needed for building the Wainwright activities. And we would have to go back and look at that and scrub certain projects, and come up with what we could.

But we could not do it with $44 million being cut out of the program.

FAMILY HOUSING

Senator STEVENS. The family housing is really the key to the deployment of the 6th Light Infantry Division, is it not?

Mr. SHANNON. As you well know, Senator Stevens, the Secretary of the Army has said he will not assign troops without housing. The key to any division coming on line or any troop movement would be whether or not we could bring the families and put them all in the proper facilities.

Actually, 57 percent of the Army is married, and if you are not going to have a soldier with his family, you are not going to have a happy soldier, and you are not going to have a soldier that is very productive.

So that is the key to bringing a division on line, or deploying any unit to any location.

Senator STEVENS. Well, I have worked with the military there, your Army people in Fairbanks, extensively, and they have, I think, a good

program. It involves both 801 housing and new on-base family housing and the use of some of the vacant units in the city adjacent to Fort Wainwright.

One of the problems that we have is, that the 801 lease authority for existing units has not been used. Have you given any thought to using that authority for leasing existing units, as well as leasing new constructed units?

Mr. SHANNON. 801 or 802, Mr. Chairman? And somebody can correct me if I am wrong. But I think it would be the 802 we would use.

Senator STEVENS. It would be the 802 on the existing.

Mr. SHANNON. The 802 on existing authority. That has been considered. 802 is not as attractive as it was before the present tax laws were passed.

We would consider that if we did not get the family housing, and I think we have been considering it under certain circumstances.

General Dacey may be more up to speed on it at this particular time. I would like for him to talk to that particular issue.

Senator STEVENS. General, I would be particularly interested in it. Because as you know, the Fairbanks area is rather depressed at the present time.

I have discussed with the local officials there the possibility of forming a housing authority which would interface with the Army and take over some of the units and offer to the Army a group of units instead of having the Army deal with owners and units one by one.

There is an interest in that, that could be pursued; a number of units at one time. There was a cutback last year that was substantial. And the House has proposed one again this year.

And the fact that but for the family housing units, this light division is going to be one of the least costly in the country. I view this as a key.

Now would it be possible that you could look into some sort of relationship with a local housing authority that would lease to you existing units under an 802 contract or a modified 801, is what they told me?

General DACEY. The language of the current law does not allow us to do that. It says it has to be newly built.

We have asked for a change in the language this year, in our request, that would authorize us to do precisely what you said. I was in Fairbanks last Friday. I went out and looked at all the subdivisions in question with Colonel Johnston and Colonel Cox.

General Corms had talked about it Thursday evening, and did again on Saturday. We have gone through the entire activation plan for the 6th ID, and your earlier comment is true.

It is critical, No. 1, to have the family housing; and what is not so obvious, when you look at the request is, under 801, when we go out, we are buying under that program the smaller homes. We are buying the two-bedroom homes that will take care of the younger soldier who only has one child.

But what we had in our appropriation request for $29 million is to build the three- and four-bedroom homes for the senior NCO's and the senior officers, because those type facilities simply are not available to be leased in Fairbanks.

Senator STEVENS. Well, I understand that. And we have been trying to support getting that type of housing for you.

But a lot of the newer younger soldiers and their families have one child, maybe two. And we wonder about building housing for them, when their demand, really, in terms of their assignment in Alaska, would be on the one- or two-bedroom rather than the three- or four-bedroom type of facility.

Well, I am encouraged that you would be willing to work that out. And I will look into the question of that modification. I do not think that that request has survived either authorization bill so far, has it?

General DACEY. Yes, sir, it did.

Senator STEVENS. I see someone behind you shaking his head. I was told the House version does not have it. Is that wrong?

General DACEY. What we have seen from the House and the Senate, both has it included, sir.

Senator STEVENS. The modification of the 802 authority to lease smaller units would be authorized if that bill passed?

General DACEY. To lease existing, not be restricted solely to being able to lease newly constructed?

Senator STEVENS. Yes.

Mr. SHANNON. I do not think we know, Mr. Chairman. Let us research that and get with the staff.

Senator STEVENS. Well, we want to work with you on it. And I am sure that the chairman would be interested in that, too, because there would be substantial cost advantage if we could have the authority to lease the smaller units for the smaller families, and not be building the units which would be the major three- and four-unit housing under 801.

So I think that would be a good change.

Mr. SHANNON. Senator Stevens, we will get with the staff and work at it, if it is all right with the chairman.

[The information follows:]

LEASING AND GUARANTEE OF HOUSING UNITS

A legislative change for both section 801 (build-to-lease) and section 802 (rental guarantee) to permit the leasing or guarantee of housing units rehabilitated for the Services' requirements has been approved by the authorization committees of both the House of Representatives and the Senate. We believe this will give us the authority to lease facilities similar to those currently available in the Fairbanks area.

FOREIGN CURRENCY EXCHANGE RATES

Senator STEVENS. I think that the chairman has gone over many of these questions already in relationship to Fort Drum. But we have some problems concerning overseas installations.

And I am particularly concerned about the increase that you mentioned, I think, General, you mentioned it in your charts, that indicates that part of the adjustment for the change in the exchange rate is wiping out our ability to meet the need for housing, both at home and abroad.

When I was in Okinawa and Japan just before the end of the last year, we were told the Japanese were volunteering to pick up a portion of that change in the exchange rate, the loss to your budget because the value of the dollar changed.

Have we had any similar offers from our NATO allies to do that?

General DACEY. No, sir, we have not.

Mr. SHANNON. No, sir.

General DACEY. That has been broached in the past. But we exist in Germany under two agreements; one being, of course, the NATO charter, and the second being the status of forces agreement, neither of which provides for either country to make any concession to its partner if there is a change, for example, a fluctuation in the dollar-deutsche mark exchange rate.

In Japan, there is a facilities improvement program, in which they have been providing us a lot of facilities, presently valued for the Department of Defense at about $400 million a year.

The Army is getting about $50 million of that. What they volunteered to do was to take part of that program and assist us in offsetting costs. Instead of our building some new facility, they would offset the costs that we were incurring because of the change in the yen-dollar exchange rate.

We have not had any similar program in Europe, nor do we see any mechanism, to do that with NATO.

Senator STEVENS. Well, I think we should explore that, Mr. Chairman. Because it seems to me that with the increasing cost of meeting our commitment in Europe, particularly that related to the change in the value of the dollar, there ought to be some stabilization of that by the host country in terms of their support.

And it appears to me that we should not lose the ability to modernize the housing, either overseas or in the United States, because of budget limitations when the changes brought about by the change, literally, in the exchange rate of our dollar abroad.

That is wiping out, as I understand it, almost $600 million of your budget this year, is it not?

General DACEY. That is correct, sir.

Senator STEVENS. Now that ought to be met, in some way, in my judgment, partially by our allies in Europe, as Japan has stepped forward and offered to meet part of it in Japan.

I would like to pursue that in some way, if there is anyway that we can. And I will talk with the chairman about it later.

But I would think that that is a good subject that we could pursue with our contacts in NATO. And I will volunteer to do that in the near future.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator Stevens. I think you have hit on a very important point about the question of our allies helping compensate for the currency fluctuation.

As a matter of fact, that is going to be the subject of a hearing we are going to hold very shortly here, which I would like to discuss with you at a later date.

Senator STEVENS. I look forward to that.

Senator SASSER. Good.

Senator STEVENS. Thank you. Again, my thanks to all of you. And particularly, I want to compliment you on the caliber of the people we see coming into Alaska in this new Army. It is just staggering.

These people are really very, very capable. I went up and participated in that exercise, the Brim Frost exercise. And your reservists, too, were up there, Colonel, and they were most capable and alert.

And I cannot remember an exercise I participated in that I enjoyed more because of the feeling of the individuals involved. Really quite different.

Thank you, Mr. Chairman.

Senator SASSER. Thank you, Senator.

PANAMA CONSTRUCTION

Gentlemen, during our recent hearings on construction in Central America we discussed the issue of continuing to provide large sums for construction in Panama—even though by the terms of the treaty we have entered into with the country of Panama, our military presence must end there by 1999.

Now how much is the Army requesting for Panama in the next 2 years?

General DACEY. Sir, I do not have it on my fingertips. I will get it in a moment, the exact dollar amounts. What we have asked for in fiscal year 1988 is some family housing, an imagery facility to use as a downlink and processing of intelligence data; and for some hardstand for parking additional helicopters that are being stationed in Panama.

Senator SASSER. I am advised that you are seeking funding for 1,000 modular units with regard to family housing for Panama. What cost is that?

General DACEY. We asked for 600 units of family housing in 1989 at a cost of $33 million; and 400 units in 1988 at a cost of $21 million. So the total would be for $54 million for 1,000 units, sir.

Senator SASSER. Well, General, I have got some reservations about whether or not we ought to be putting additional family housing in Panama, if we are going to be getting out of there in 1999.

Mr. SHANNON. I am sure you have, Mr. Chairman. The Secretary personally got involved in this.

We find our soldiers living in places in Panama and being charged enormous amounts for the places they live in. And we have tried to work out with the government down there decent facilities, decent rates for soldiers, which does not seem to be able to come about.

Therefore, knowing that we were going to have to come out in 10 to 12 years from now, and knowing the need to provide decent places for our soldiers to live with their families, we came up with a proposal for the Secretary: we would go with the modular housing, which we could remove when we left Panama.

It was a difficult decision for him, and I know it is difficult for you and for the Congress to understand that. But because of the conditions under which we find our soldiers living, we wanted to make sure that we tried to provide facilities for them to live in. That is the reason we came with the modular housing approach.

Senator SASSER. Well, are we really going to try to remove that housing from down there in 1999 when we get out; is that the plan?

Mr. SHANNON. That is the plan. Again, we are hoping that the Corps, with those excellent officers that you told us about, have not made a terrible mistake.

But we have been told, and the plan is, to remove that modular housing which will be put on slabs that are already there. We do have a certain number of foundations already available, and the utility grid is there.

And we hope to be able to use that and go in with the modular housing and bring it out when we come out in the year 1999.

Senator SASSER. Has anybody done any cost figures as to how much it would cost to remove that housing, and whether it will be worth the cost of removal in 1999? It will be 10 or 12 years old then.

General DACEY. We have done two analyses, sir. In the first one, we looked at what we are paying those people today, their basic allowance for quarters, and a variable housing allowance, their overseas housing allowance.

And with that they are going out and renting at exorbitant rates, inadequate housing simply so they can have their families with them.

The cost of putting the prefabricated housing on the ground will be offset by the savings that we will get by not paying the quarters allowance.

We looked at it and said, the question of whether you would bring them out in 1999 would be a question of their condition. If they are well maintained—as you are well aware, that is a very humid climate—but if they are well maintained, and we certainly would intend to do that, then they would be salvageable and it would be worth our while to bring them back, if for nothing else than to turn them over to FEMA as emergency stocks that could be used, as they do now, with their trailers, in case of a natural disaster someplace in the United States.

Senator SASSER. Well, have we had an additional growth in personnel, or accompanied personnel, in Panama in the last year or two?

Mr. SHANNON. Mr. Chairman, what we have had is a shift in where those individuals live from one side of the canal to the other. And we moved from the eastern side to the western side.

That increased the number of individuals that would be living on that side. In addition, we have over the last few years, increased the number of married individuals that are being stationed in Panama, simply because we do not have as many single people.

So there has been an increase. And we have never had, at any particular time, 100 percent of the numbers of quarters to house the individuals we wanted to house. We have picked up an additional responsibility from the Department of Defense to house those individuals who are assigned to any defense agency there, to include the teachers who teach in the Department of Defense schools.

So there has been an increase in the number of individuals who would be living in Government quarters.

ARMY NATIONAL GUARD

Senator SASSER. Well, let me turn to the National Guard. General Burdick, I have reviewed the proposed $28 million request to provide a new Guard headquarters.

And I told General Temple that he had my tentative support for that project, assuming that the allocation of this subcommittee from the full committee is sufficient to build it. And, of course, assuming that the concerns of the Maryland delegation can be met.

Tell us specifically how this project will result in an overall savings to the taxpayer?

General BURDICK. Sir, this project will involve the consolidation of management functions here in the Arlington area.

The savings involve personal productivity gains of some $3 million. Leased and operated cost savings of another $400,000; and the savings incurred in travel between all these outlying facilities, once we consolidate, results in another $400,000; for a sum total of savings of $3.8 million annually.

Now the costs of this facility will also be amortized over 7 years, so it will, in fact, have a tremendous cost savings for our operations.

Senator SASSER. Well, that is a very fast amortization it occurs to me, General Burdick. Now, I am a strong supporter, and have been, of the concept of the National Guard and the Army Reserve. And I think the Guard plays a significant role in total force.

As we look to the future, I think we are going to see the Guard and Reserve playing an even more important role, because we are going to see, in my view, a continued contraction of the growth of the defense budget.

In the 11 years that I have been here in the Senate, I have seen outlays in the defense budget increase by 300 percent in nominal dollars.

The rate of growth is simply not going to continue. We are going to be looking more in the direction of cost-efficient forces. And it is my view that a well-trained and well-organized and well-led National Guard and Army Reserve can go a long way toward filling that gap.

If I have any concern, General Burdick, it is the question on some occasions of just how well-trained and well-led some of these Guard forces are.

And it appears to me that we need to put them through more strenuous training on occasion. But given that, I think it still is a cost-efficient expenditure of the taxpayers' dollar as far as defense is concerned.

For the record, give us the cost of operating a National Guard infantry division in comparison with a regular Army infantry division; and the cost of operating a National Guard armored division in comparison with operating an active duty regular Army armored division.

Do you have those figures available?

General BURDICK. Sir, I will have to provide those figures for the record.

Senator SASSER. I would like to get those, because I think they will make very, very interesting reading.

Senator STEVENS. Could you ask that we figure out the component? You know, our light division is two-thirds Active and one-third Reserve. And I would like to have that cost figured into that blend, if you would.

Because I think that is a very interesting cost saving that has been proposed in the 6th Infantry Division.

[The information follows:]

OPERATING COST COMPARISONS

To provide a comparison of National Guard and Active Army divisions operating costs would be very inaccurate because of the differences between the divisions. However, a recent paper prepared for the Senate Appropriations Committee provides comparative costs for Reserve Component and Active Army generic separate infantry and armored brigades. Using these derived costs and a multiple of four for the approximate costs of generic infantry and armored divisions should provide the cost comparison requested by you. The separate infantry and armored brigade operating costs for the Reserve Components and the Active Army multiplied for the approximate division operating costs are given below:

Component	Separate brigade costs	Division Costs (Separate brigade times four)
Active Component separate infantry brigade	$140,816,000	$563,264,000
Reserve Component separate infantry brigade	36,616,000	146,464,000
Active Component separate armored brigade	142,909,000	571,636,000
Reserve Component separate armored brigade	39,192,000	156,768,000

Although cost figures for the Army's new light infantry divisions are not readily available, the above data can be used to provide order of magnitude savings by the use of the Reserve Component round out brigade. The operating cost reduction of a Reserve Component brigade over an Active Component brigade is 74 percent. This reduction, applied over a four brigade (equivalent) light infantry division would produce savings of approximately 18.5 percent over an all-Active Component Light Infantry Division.

FORT CAMPBELL

Senator SASSER. Let me turn to the question of Fort Campbell and, General Dacey, the Army program, an 802 rental guarantee housing project at Fort Campbell. I ask you about it because I think you are probably intimately familiar with it.

That project has not gotten off the ground. Now, I have a constituent in Clarksville, Mr. Richard Tucker, who received the 802 project. He maintains he has been unable to get sufficient high level attention to discuss the problems that are being experienced.

In fact, Mr. Tucker indicates what appears to be an unreasonable failure of communication between the Corps of Engineers and the contractor.

So I would like to ask you, General Dacey, for you and your staff to agree to meet with my constituent, so that the air can be cleared and a way found to proceed with this project, if it is at all possible and if it is in the best interest of all concerned.

Can I rely on you to get in touch directly with Mr. Tucker and arrange a meeting here in Washington, rather than my office continuing to pass messages back and forth, and trying to pass messages through the district office, et cetera?

It is one of these controversies where I think we would all be better served if we would try to bring it to some sort of a reasonable conclusion.

Mr. SHANNON. May I take that burden off of General Dacey and say yes?

Senator SASSER. All right, Mr. Secretary, thank you very much. I thank you for your appearances here this morning. We thank you for your testimony.

SUBCOMMITTEE RECESS

If there are no further comments—do you have a comment, Mr. Secretary?

Mr. SHANNON. Mr. Chairman, I failed to ask that you submit my written statement as part of the record.

Senator SASSER. It will be incorporated in the record in its totality.

General Burdick?

General BURDICK. Mr. Chairman, I would like to ask the same thing for my statement.

Senator SASSER. All right, that will be done.

Gentlemen, thank you very much. This hearing is recessed.

[Whereupon, at 11:27 a.m., Wednesday, May 20, the subcommittee was recessed, to reconvene at the call of the Chair.]

MATERIAL SUBMITTED SUBSEQUENT TO CONCLUSION OF HEARING

(CLERK's NOTE: The following statement by the National Guard Association of the United States was received subsequent to the conclusion of the hearings, and will, therefore, be printed in the record at this point.)

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT BY

LIEUTENANT GENERAL LA VERN E. WEBER (RET.)

EXECUTIVE DIRECTOR

Mr. Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to present the views of the National Guard Association of the United States on the FY 1988/1989 military construction programs of the Army and Air National Guard.

THE ROLE OF THE NATIONAL GUARD

This year marks the 200th Anniversary of the Constitution. We in the National Guard take great pride in the fact that the militia, organized

150 years before the Constitution, helped win the independence that made the Constitution possible. This historical significance was not lost to the authors of our Constitution.

The concept of the militia -- the citizen-soldier -- is embodied in the Constitution and provides an excellent example of a working state--federal relationship. This relationship exemplified a belief of our founding fathers -- that a citizenry ready to defend itself when needed, augmenting a small standing military force, is an unbeatable combination. Historically a call to duty of the National Guard has signified the nation's willingness to undertake the sacrifices necessary to protect our freedom.

From the adoption of the Constitution, and especially in recent times, Congress has taken a vital interest in the militia -- in the National Guard. The Guard's historical role was institutionalized with the creation of the Total Force Policy in the early 1970s. With congressional support the Guard has since become a full partner in the Total Force.

Army and Air Guard units are tasked to support worldwide missions in war plans developed in response to defense strategy directed by our national command authorities. Today's Guard trains, and in fact needs to train, worldwide to be prepared for its missions. This nation requires a well-equipped and well-trained National Guard if it is to be fully capable of fighting and winning any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Failure to fulfill any of these requirements jeopardizes the wartime capability and reliability of the Total force. But equally important, our neglect of these requirements would show the world we do not have the will to defend our liberties.

Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of expanded missions and readiness requirements placed on National Guard units. The National

Guard Association of the United States continues to oppose expansion of force structure or missions for the National Guard unless fully resourced with the required manpower, equipment, training resources and facilities. To be effective partners in the Total Force, the Army and Air National Guard must be given the resources required to meet the readiness requirements of the assigned units and missions.

THE FY 1988/1989 MILITARY CONSTRUCTION PROGRAMS

The military construction projects included in the Army and Air National Guard budget requests are essential for peacetime training, equipment maintenance, and resource management.

The military construction budget requests for the Army National Guard are $170,400,000 in FY 1988 and $161,100,000 in FY 1989. They provide:

	FY 1988	FY 1989
Major Construction	$151,139,000	$139,233,000
Planning and Design	13,861,000	15,667,000
Minor Construction	5,400,000	6,200,000

The FY 1988 program will build 20 new armories, upgrade 3 existing armories and provide for construction of 47 other major construction projects in 34 states, the District of Columbia, Puerto Rico and the Virgin Islands.

The House Authorization Bill provides $164,336,000 for FY 1988 and the House Appropriation Bill provides $158,000.00. The Senate Armed Services Committee markup of the Authorization Act provides $165,030,000 in FY 1988. However, the two authorization proposals include a total of $43,745.00 in unprogrammed projects without providing additional funding.

The military construction budgets for FY 1988 and 1989 for the Air National Guard are $160,800,000 and $137,000,000, which will provide:

	FY 1988	FY 1989
Major Construction	$144,815,000	$123,040,000
Planning and Design	13,783,000	11,660,000
Minor Construction	2,202,000	2,300,000

The FY 1988 program will provide 45 projects in 26 states at 34 installations. Approximately 90 percent of the program is in support of equipment conversions, new or expanded missions and unit relocations.

The House Authorization Bill provides $126,500.00 for FY 1988 and the House Appropriation Bill provides $126,500.00. The Senate Armed Services Committee markup of the Authorization Act provides $149,816.000 in FY 1988. Again, the two authorization proposals include a total of $17,481.000 in unprogrammed projects without additional funding.

The specific proposals of the National Guard Association for FY 1988 and 1989 to ensure adequate facilities are available, to accommodate mission changes, and to enhance the readiness of the National Guard are outlined below.

CONSTRUCTION BACKLOG

The most critical facilities issue facing the Army and Air National Guard which could impact readiness is the growing backlog of unfunded construction projects. Current projections are that, by the end of FY 1988, the Army Guard unfunded total will be more than $2.4 billion and the Air Guard unfunded projects will total almost $860 million. An annual military construction program of approximately $150 million per year for the Army and Air National Guard respectively has not been able to reduce these backlogs because of added mission requirements and cuts in the Department of Defense budget request. In fact, the backlogs have continued to grow with that level of funding. Congressional reductions in appropriations during FY 1985 and FY 1986, based on anticipated bid savings which did not materialize, along with the impact of the Balanced Budget and Emergency Deficit Control Act, have resulted in deferral of programmed projects, adding to the backlog. Congressional funding of several additional projects in FY 1987 was certainly helpful. However, guidance to accomplish other added projects within the level of funding in the budget request diminished the positive effect of the added funding.

In recognition of the magnitude of the task of attempting to reduce

the budget deficit, the National Guard Association is not recommending an increase in this years' major construction budget requests. We do support the proposal made last year by Congress to increase the overall share of the Defense Budget devoted to Guard and Reserve construction. We believe the level of funding should be sufficient to begin to reduce the backlog and to fully fund new mission requirements in addition to a base amount computed as a percentage of the total defense construction budget, or preferably, a percentage of total component physical plant inventory. Further delay in halting and reversing the growing backlog in construction requirements will eventually impact on Total Force readiness. We believe the major construction budget requests of the Army and Air National Guard provide funding for only the most critical facility requirements, and are the minimum amounts required in FY 1988 and FY 1989. We urge your support of the full requests in the current budget and a higher level of approximately $250 million in future years, in order to begin to reduce the significant backlog.

DESIGN FUNDS

The Army National Guard continues to suffer from a shortage of design funds. A recent change in law permits 100 percent federal funding of design funds for armories, with the states being required to reimburse the federal government for their share of those design costs during actual armory construction. However, requested funding levels of $13.9 million and $15.7 million will allow advancement of only 35 percent of design funding in FY 1988 and 65 percent in FY 1989. An increase of $13 million in FY 1988 and $2 million in FY 1989 would fully fund the requirement for advance funding of project design.

MINOR CONSTRUCTION

The National Guard Association appreciates the support of this Committee for the Army and Air National Guard minor construction programs. With the new requirement to provide a list of specific identified projects under $400,000 as a major construction line item, the requests for

unspecified minor construction funding have been reduced significantly. However, this new requirement severely limits management flexibility in accomplishing many small readiness related projects, because of the shift of the projects from the category of unspecified minor construction to that of major construction.

The inclusion of a large number of small projects in the specified major construction category causes a significant increase in the lead time necessary to complete design and develop and submit detailed justification. Many of the projects are similar in nature and scope, but are required at various locations. Specified line item justification, rather than an unspecified lump sum, along with the requirement for reprogramming approval for cost growth amounts as small as $20,000, generates excessive workload and delay in accomplishing many readiness related projects. An example is the Army Guard requirement for over $50 million to bring more than 900 ARNG armory indoor rifle ranges up to OSHA health and safety standards. Restoration of those ranges is required for rifle marksmanship training for National Guard members who otherwise would have to travel to approved outdoor ranges for training.

The Army National Guard Minor construction backlog is currently almost $300 million. The National Guard Association urges your support of an additional unspecified authorization of $10 million in both FY 1988 and FY 1989 as a first increment in eliminating the backlog of indoor rifle range and other training support facility projects.

SUMMARY

Mr. Chairman, in this statement I have discussed the role of today's National Guard. I have discussed the FY 1988 and FY 1989 Army and Air National Guard Military Construction programs, and indicated our concern with the growing backlog of critical construction requirements. Because of budget constraints in attempting to reduce the deficit, we have not recommended funding increases during the current budget review, except for small increases in Army National Guard design and minor construction

funding. We urge your support for the full Army and Air National Guard budget requests.

The National Guard Association continues to be concerned about the growing backlog of construction projects. We urge your support of an across-the-board increase in future Guard and Reserve construction funding, as a percentage of either the total defense construction budget or the total physical plant inventory, in addition to funding any new mission requirements. We believe the level of funding should be approximately $250 million for the Army National Guard and the Air National Guard.

Mr. Chairman, we are grateful for the past support of you and the members of this subcommittee. We share equal concerns for improving the readiness of our total defense forces and we look forward to your continuing support in the future.

LIST OF WITNESSES AND PREPARED STATEMENTS

Ahearn, Brig. Gen. Joseph A., Deputy Director of Engineering and Services, Department of the Air Force 125
Ambrose, Hon. James R., Under Secretary of the Army 23
Prepared statement 26
Armitage, Richard L., Assistant Secretary of Defense (International Security Affairs) 497
Prepared statement 502
Armstrong, David L., Attorney General of Kentucky 89
Prepared statement 92

Barker, Dr. Robert B., Assistant Secretary of Defense for Atomic Energy 17
Prepared statement 20
Bentley, Hon. Helen, U.S. Representative from Maryland 14
Brew, Thomas J., Associate Director, National Security and International Affairs Division, General Accounting Office 71
Prepared statement 139
Burdick, Brig. Gen. Donald, Director, Army National Guard 973
Prepared statement 1026

Carpenter, Brig. Gen. Shirley M., Deputy Chief, Air Force Reserve 433
Prepared statement 436
Connelly, Dick, Budget Officer, Defense Logistics Agency 759

Dacey, Maj. Gen. Robert J., Assistant Chief of Engineers, Department of the Army 125, 973
Prepared statements 994, 1017
Dallam, Capt. Michael M., CEC, USN, Director, Quality Facilities Acquisition Directorate, Office of the Deputy Assistant Secretary of Defense (Acquisition and Logistics) 353
Prepared statement 356
Dowery, Gordon K., Director, Defense Medical Facilities Office 775
Prepared statement 779

Eastin, Hon. Keith, Principal Deputy Assistant Secretary of the Navy 601
Prepared statement 607
Ellis, Maj. Gen. George E., USAF, Director of Engineering and Services, Department of the Air Force 403
Joint prepared statement 407

Fitzgerald, Thomas J., Director, Kentucky Governmental Accountability Project, Kentucky Resources Council, prepared statement 101
Flood, Katherine Burnam, Concerned Citizens of Madison County, KY 107
Ford, Hon. Wendell, U.S. Senator from Kentucky 11

Galvin, Brig. Gen. John R., USA, Commander-in-Chief, U.S. Southern Command 509
Prepared statement 513

Hoar, Brig. Gen. Joseph A., Director of Facilities and Services of the Marine Corps 601
Prepared statement 633
Hosmer, Lt. Gen. Bradley C., USAF, President, National Defense University 747
Prepared statement 750

Jackson, Karl D., Deputy Assistant Secretary of Defense (East Asia and Pacific Affairs), Office of the Assistant Secretary of Defense (International Security Affairs) 331
Prepared statement 335
Jones, Rear Adm. John P., Jr., Commander, Naval Facilities Engineering Command, Department of the Navy 125, 601
Prepared statement 619

Kuykendall, John, General Accounting Office 71

Larence, Eileen, General Accounting Office 71
Leland, David J., Director, Transportation Department, Public Utilities Commission of Ohio 97
Lesser, Steven, Public Utilities Commission of Ohio 97
Loftus, Rear Adm. Steve, Commander of Fleet Air Mediterranean, Naples, Italy. 601
Report to Congress 649
Loveland, T.J., Director, Infrastructure and Logistics, U.S. Mission to NATO 359
Prepared statement 362

Maresca, John J., Deputy Assistant Secretary of Defense (European and NATO Policy), Office of the Assistant Secretary of Defense (International Security Policy) 311
Prepared statement 325
McCoy, Tidal W., Assistant Secretary of the Air Force, Manpower Reserve Affairs and Installations 403
Joint prepared statement 407
McMerty, Brig. Gen. John G., Deputy Director, Air National Guard 427
Prepared statement 429
Musser, Maj. Gen. Stanton R., USAF, Deputy Director, Defense Logistics Agency 759
Prepared statement 766

Ney, Betsy Arbuckle, Concerned Citizens of Madison County, KY 107
Nydam, Brig. Gen. David, Program Manager for Chemical Munitions, Aberdeen Proving Grounds, MD 23

O'Neill, Brig. Gen. Malcolm, USA, Deputy Director for Programs and Systems, Strategic Defense Initiative Organization 731
Prepared statement 740

Pickus, Col. Ross G., Assistant Deputy Chief, Army Reserve 973
Prepared statement 1033
Player, Lt. Col. Harvey, USA, Strategic Defense Initiative Organization 731

Schmitt, Rear Adm. Robert W., USN, Deputy Director, Defense Intelligence Agency. 725
Prepared statement 728
Shannon, John W., Assistant Secretary of the Army 973
Prepared statement 977
Smith, Rear Adm. Frances Neale, Deputy Director of the Navy Reserve 601
Prepared statement 641
Specter, Hon. Arlen, U.S. Senator from Pennsylvania, prepared statement 52
Stone, Robert A., Deputy Assistant Secretary of Defense (Installations), Office of the Assistant Secretary of Defense (Acquisition and Logistics) 125
Prepared statement 130

Street, Capt., Director of Installations, Defense Logistics Agency 759
Susi, Col. Head, Resources and Systems Directorate, Defense Intelligence Agency 725

Vande Hey, Lt. Col. Todd, Chief, Programming Division, Defense Medical Facilities Office 775

Weber, Lt. Gen. LaVerne E. (Ret.), Executive Director, National Guard Association of the United States 1071

SUBJECT INDEX

Active Air Force, Air Guard, and Reserve Military Construction and Military Family Housing

Page

Air Force:
- Air Force Academy, programs at 425, 446
- Baseline funding 405
- Budget request 403, 406, 443
- Clark Air Force Base, Philippines 460
- F–16 beddown 456
- Mather Air Force Base 448
- Military housing, replacement parts for 458, 464
- Multimegawatt terrestrial powerplant 445
- Nellis Air Force Base, deactivation of wing at 425, 447
- People programs 406
- Priorities 424
- Readiness support 404
- Tocamo aircraft facility, Tinker, OK 462
- Torrejon Air Base, Spain 455
- Total force concept 403
- West Germany, 5-year spending program in 444
- Whole-house revitalization 460
- Zaire, base access agreement with 450

Air Force Reserve:
- Achievements 437
- Budget request 440
- Congressional program support 433
- Current status 433
- Milcon program 440
- Modernization 438
- Projects 433, 434
- Special operations area 439
- Tactical airlift 439

Air National Guard:
- Budget request 430
- Contributions to Active Air Force 429
- Facility requirements 427
- Milwaukee Air Refueling Group 457
- Modernization and growth 430
- 128th Tactical Fighter Wing, Madison, WI 457
- Overview 429
- Volk Field training site, Wisconsin 458
- Weapons systems and missions 431

Submitted questions:
- Senator Reid 466
- Senator Stevens 486

CENTRAL AMERICA CONSTRUCTION PROGRAM

Page

Central America Construction Program 500, 509, 539
Costa Rica, airfield construction in 562
El Salvador, insurgencies in 530
Embassies, maintenance of 527
Five-year construction plan 542, 560, 562
Guantanamo Base activities 566
Honduras:
- Base access agreement with 576
- Base construction in 499
- Budget request for 501
- Military exercises 498, 558
- Palmerola Base Camp 532, 538, 556
- Sandinista threat to 522
- U.S. military buildup in 497, 500, 509, 531, 554

Latin America:
- Economic dilemma in 529
- Navigable rivers in 511
- Sociopolitical problems in 530

Nicaragua:
- Increased military structure in 523
- Insurgencies in 527
- Sandinista troop strengths 563
- Soviet investment in 528

Panama:
- Alternatives to U.S. presence in 564
- Canal, joint security arrangements for 525
- Construction costs in 564
- Drug interdiction from 525
- Housing construction in 565
- Primary mission in 510, 526
- Philippine Communist insurgency 568
- Rio Treaty 523

Submitted questions, Senator Sasser 579
Tropical hut construction 540, 561
Zaire air bases 567

CHEMICAL MUNITIONS DISPOSAL CONSTRUCTION PROGRAM

Baseline technology 72
Binary weapon storage 17
Chemical stockpiles, description of 30
Conventional weapons stockpile, demilitarization of 45, 68
Cryofracture technologies 47, 73, 87
Edgewood Arsenal site 14, 18
FEMA responsibility 66
Harthorne Ammunitions Depot 45
Johnston Island facility 12, 18, 29, 72
Leaking munitions, handling of 52, 63
Lexington-Bluegrass Depot contract 24
M-55 rocket stockpile 43
Miamisburg, Ohio, spill incident 99
Mustard gas 98
National Academy of Sciences, report from 23
Nerve agents, transporting of 107
1994 deadline 41, 73, 90
On-site disposal, OHSET support for 97

Page

On-site incineration, Madison County, KY, concern over 11, 89, 107
Oregon counties, safety situation in 66
Programmatic environmental impact statement 63, 71
Propellant and stabilizer study 52, 54
Rail route safety 49
Senator Sasser remarks on 3
Submitted questions:
  Senator Sasser 112, 122
  Senator Garn 119
Supplemental, justification for 6, 19, 46
Transporting of 44, 68, 86, 90, 99
Unitary weapons destruction 17, 23
  Storage 43, 48, 74, 86
  Timing of 42

DEFENSE AGENCIES

Defense Intelligence Agency:
  Bolling Air Force Base analysis center 726, 730
  Budget request 725, 726
  Pentagon National Military Intelligence Center 727, 730
Defense Logistics Agency:
  Contract administration 762
  Environment 764
  Family housing 764
  Fuel storage capacity 763, 773
  Major activities 760
  Management responsibilities 760
  Mission of 759
  Productivity 763, 765
  Supply support services 761
Defense Medical Facilities Office:
  Budget request 775
  Clark Air Force Base hospital 940
  Contingency hospital funding 948
  Medical projects foreign funding 947
  Naples, Italy, hospital project 777
  Nellis AFB hospital fire system 939
  Nellis AFB/Veterans Administration joint venture 783
  Procurement acceleration 776
  Reports 785
  Sheppard Air Force Base, health care sciences school 777
Family support, education, and safety:
  Overseas school construction 961
  Quality of life projects 961
  School construction backlog 962
National Defense University:
  Budget request 747, 755
  Goldwater-Nichols Act 748
  Library situation 748
  Military senior executives, education of 755
  War College facilities, use of existing 756
Strategic Defense Initiative Organization:
  Budget request 731
  Craft berthing facility 738
  Falcon Air Force Station, CO 735
  Fort Monmouth, NJ, pulse power center 732
  Funding 745
  Kwajalein Missile Range 736
  Meck Island upgrade 737

Page

Strategic Defense Initiative Organization—Continued
National test facility, CO ... 742
White Sands, NM, high energy laser test facility ... 733
Submitted questions from Senator Sasser ... 956

DEPARTMENT OF THE ARMY: INSTALLATIONS AND LOGISTICS

Army National Guard:
Arlington Hall, VA, Center ... 1023
Budget request ... 1023
Construction backlog ... 1023
Maintenance shops modernization ... 1023
New Guard headquarters ... 1067
Unspecified minor construction ... 1024
Army Reserve:
Contract awards ... 1032
New facilities requirement ... 1031
Training programs ... 1031
Corps of Engineers:
Family housing:
Aberdeen Proving Ground ... 1011, 1016
Fort Drum ... 1009
Fort Hood,TX ... 1006
Fort Lewis ... 1011
Fort Ord, CA ... 1004, 1010
Fort Polk, LA ... 1007
Fort Riley, KS ... 1015
High-rise, built-to-leave in Germany ... 1008
Kwajalein Missile Range ... 1005
Mainz, Germany ... 1009
Military construction, Army:
Baumholder, Germany ... 989
Camp Costle, Korea ... 985
Camp Ederle, Italy ... 991
Fintherr, Germany ... 986
Fort Benjamin Harrison, IN ... 992
Fort Bragg, NC ... 992
Fort Carson, CO ... 989
Fort Polk, LA ... 990
Fort Story, VA ... 986
Mannheim, Germany ... 987
Rock Island Arsenal ... 991
Vilseck, Germany ... 988
Real property maintenance activities ... 979
Foreign currency exchange rate ... 1063
Fort Campbell rental housing project ... 1068
Fort Drum, correspondence relating to problems at ... 1037
Panama construction ... 1065
6th Light Infantry Division, Fort Wainwright and Fort Richardson ... 1060

MILITARY CONSTRUCTION OVERVIEW

Asbestos removal ... 181
Beale Air Force Base, refurbished facilities in ... 129
Budget request ... 125
Contract packaging and competition ... 139, 142, 145
Forward-deployed forces, facilities of ... 127
General and senior officer construction ... 148
Industrial resources, acquisition and management of ... 164

Page

Junior enlisted personnel housing 160
Korea, family housing deficit in 158
Model installation program 129
Multiyear housing plan 151
Naples, Italy, naval support facility in 128
Overseas construction 141
Procurement competition 143
R&D project funding 162
Retention programs 161
Self-improvement projects 140
Special command units 149
Submitted questions:
Senator Reid 301
Senator Sasser 183
Senator Stevens 304
Wisconsin, Milcon budget in 147

NATO Infrastructure, European/Pacific Construction Program and Burden Sharing

East Asia and Pacific affairs:
Facilities improvement 333
Financial resources 339
Japanese defense burden sharing 331
Manpower figures 339
Midterm defense plan 332
European and NATO policy:
Aircraft procurement 366
Aircraft shelter programs 359
Alliance agreement 360
Allied defense expenditures, DOD report on 313, 321
Allies, defense burden sharing by 311, 316
British and French missile deterrent 340
Budget request 317, 347, 353, 355
Ceilings on U.S. forces in 342
Conventional weapons defense 340
European ballistic missile defense system 343
Infrastructure program, U.S. requirements in 359
Intangible contributions 345
Major weapons systems, Soviet lead in 320
NATO defense, shortcomings in 322
Pacific theater defense, Japanese contribution to 316
Prefinanced projects, recoupment of 360
Torrejon facility, Spain 348
U.S. contractor participation 354
U.S. dollar, fall of 361
U.S. troop withdrawals 323, 347
Submitted questions:
Senator Sasser 369
Senator Stevens 398

Navy Construction and Family Housing

Adak facility 672
Alaska, installations in 603
Battleship surface action groups 679
Budget request 601
Cuts in 604
Capua and Naples, seismic risks in 670

	Page
Europe, Milcon budget in	669
Family housing	606, 673, 677
Fallon Naval Air Station	676
Home porting initiated	605, 674, 678
Host nation support	669
Industrial support base	679
Marine Corps quality of life projects	632
Naples relocation project	605, 648, 668
Navy Reserve programs	640
Over-the-horizon [OTH] radar	671
707 aircraft	707
Soviet naval strengths	680
Submitted questions:	
Senator Reid	711
Senator Specter	715
Senator Stevens	719
Tocamo aircraft basing	681, 707
Tinker Air Force Base	708

77-710 (1092)